

# 2008 Annual Report

For the year ending 30 June 2008



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## REPORT FROM MAYOR DAVID OGDEN AND CHIEF EXECUTIVE TONY STALLINGER

It is with great pleasure that we present Hutt City Council's Annual Report for 2007/08.

Many exciting things have happened in our City over the past twelve months and we welcome this opportunity to share some of the highlights with you.

In October a good mix of new faces and experienced councillors were elected to form the new council. We are pleased to report that all of them are working hard on your behalf and for the future of our City.

This includes keeping rates down. The Annual Plan for the year ahead was finalised recently and shows a small average rates rise of 2.6% in the general rate after allowing for 1% growth in the rating base. This is despite increasing capital and operational costs for council. It will offer some relief for households struggling to cope with rising living costs such as higher food and energy prices.

Another notable feature of the Annual Plan was the retention of kerbside recycling, which was under threat from the doubling of the cost of the service. After overwhelming public feedback in support it will now be fully funded by an extra user charge, in the form of a targeted rate of \$36 per household.

The clean-up of the lower Waiwhetu Stream, New Zealand's most polluted waterway, has begun with a successful trial this past summer after years of talk and frustrating delays. The removal of high levels of lead, zinc and pesticides is expected to be completed in 2010, followed by flood mitigation work.

Works to reduce the risk of flooding in the City are ongoing. A new pumping station at Gracefield was completed, as were a range of drainage and other improvements, while Cheviot Road and stage 3 of the Black Creek upgrade is underway.

The Dowse to Petone upgrade is taking shape with Transit New Zealand ensuring minimal disruption to motorists. It is the most significant transport project in Hutt City for decades and will provide a much-needed new entrance to the City, offer some relief from traffic congestion and improve general safety on SH2.

The next stage of the ongoing revitalisation of the central business district has started with the upgrade of High Street. It's going to look fantastic when it is finished with widened footpaths, designer outdoor furniture, new tree plantings, weather shelters and cycle racks. Council also became a signatory to the Urban Design Protocol and appointed an Urban Design Manager to progress quality urban design in Hutt City.

Council has begun a review of land in the City held in fee simple, with preliminary results suggesting most will be retained and classified as reserve. Land considered surplus to requirements could be sold for housing or to reduce debt.

The exciting redevelopment of Hutt Park is almost complete and the most generous contribution from the Pelorus Trust has provided the magnificent Sports House as the centre point of a revitalised facility, with new playing fields and changing sheds.

The sports theme continues, with Council granting hometown hero and All Black great Tana Umaga the Freedom of the City in recognition of his contribution to rugby and as a role model to young people.

Co-operation with other councils in the region is going from strength to strength with the Wellington Regional Strategy. Hutt City also shares a wide range of services with Upper Hutt City, from waste water and landfills to civil defence, tourism and cemeteries.

Council has begun looking at the District Plan and issues related to it, with a couple of key reviews underway – one relating to the CBD and another on residential development. There will be further work on the Plan in the coming months.

The city is in good heart despite the current economic downturn. On a sad note, Griffins announced its decision to close after 70 years in Hutt City. The decline of industry and manufacturing has in the most part been offset by the emergence of new service industries such as research and development, IT and education.

To improve sustainability, Council implemented a workplace travel plan, is developing an Environmental Sustainability Strategy, and announced in the Annual Plan a range of new initiatives to protect the environment.

Council constituted two new Community Committees to engage the residents of the Northern and Eastern wards, and the Central and Western wards, on Council's behalf. Other parts of the City continue to be served by Community Boards.

As well as these highlights, Council continued to provide the myriad of services and amenities residents expect, such as keeping the City safe and free from graffiti, and maintaining and improving community facilities such as parks, playgrounds, libraries and public toilets.

The staff continued to show why they are among the best in New Zealand, including success at the Vero Excellence in Business Support Awards, Wellington Gold Awards and the Sister City New Zealand Awards. Councillors and the community should be very proud of the team at work in our Council.

We want to finish by extending our thanks to councillors, staff and the broader community for making this another successful year.

We have outlined a snap-shot of the things that happened in 2007/08 that make our City a great place to live and work.

We look forward to an even bigger and better year ahead.



A handwritten signature in black ink that reads "David Ogden".

**David Ogden**  
**MAYOR**



A handwritten signature in black ink that reads "Tony Stallinger".

**Tony Stallinger**  
**CHIEF EXECUTIVE**



## VISION FOR HUTT CITY

The Community Plan provides direction for Council's plans, policies and strategies and gives a long term focus to all Council's activities. This Annual Report measures performance against the community plan targets.

The Community Plan has five key areas:

### People

#### Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future social and cultural well-being:

- A city that is safe
- Affordable access to community facilities that include arts, cultural and recreational options
- Encouragement of arts, cultural and sports activities including local, national and international events
- Everyone has a quality standard of affordable housing
- A built environment that is attractive, safe and healthy
- A more attractive Hutt City
- Development of the uniqueness of Hutt City including its history and culture
- More and better focus on the harbour, river and recreation opportunities
- A city that is friendly and welcoming where people experience a sense of belonging
- Encouraging community involvement and engagement with civic life
- More celebrations of tangata whenua and multi-culturalism in the city
- Migrants are well adapted to New Zealand way of living
- Everyone has access to a wide range of excellent education services
- Everyone has affordable access to services that improve health
- There is a seamless integration of health services
- Residents have a high standard of living.

### Utility Services

#### Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City:

- Effective and efficient public transport that results in increased use of public transport
- Enhanced roading systems particularly State Highway 2, Cross Valley Link, State Highway 1 and Hutt CBD
- Continual upgrade and provision for growth to make Hutt City interesting and attractive to people
- More investment in sustainable transportation solutions – public transport, car pools, bicycle lanes
- Affordable access to community facilities that include arts, cultural and recreational options
- A diverse natural environment that is accessible, enjoyable and safe
- Everyone has a quality standard of affordable housing
- Roding, water and waste (including recycling) work and are accessible to all
- Maintenance and continual upgrade of services to allow for security and growth.

## **Environment**

### **Community Outcomes**

Hutt City residents identified the following outcomes as being important to Hutt City's future environmental well-being:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

## **Economy**

### **Community Outcomes**

Hutt City residents identified the following outcomes as being important to Hutt City's future economic well-being:

- A local economy that is attractive to both business and residents
- Retention of business achievers and people critical for business
- Attraction and nurturing of high quality businesses
- Local businesses being supported and promoted
- A skilled workforce that meets local business' needs
- Good telecommunications systems
- A growing number of entrepreneurial companies located in Hutt City
- Creation of an exciting, dynamic city so entrepreneurs want to live and work here
- Encouragement of enterprise and innovation including incentives to attract research, development and application industries
- Making the most of the CRIs by attracting the kind of people with the entrepreneurial nous to build on these R&D outcomes
- Attraction of tourists to Hutt City
- A built environment that is attractive, safe and healthy
- A more attractive city
- Developing the uniqueness of Hutt City including its history and culture.

## **Organisation**

### **Community Outcomes**

All the Community Outcomes are relevant for this group of activities, which provides management support and advice to elected members and Council officers. It also ensures that high levels of service are maintained, and that customers and staff are valued.

The role of the elected members and community representatives as part of this group is of the utmost importance. They represent the views of the community when decisions are being considered by Council.

## Reporting on Progress Towards the Achievement of Community Outcomes

Local authorities are required to monitor and, not less than once every three years, report on the progress made by the community in achieving the community outcomes. Council produced its first report in 2007 covering the period 2003 to 2006, and the results are summarised below. For updates on these items, refer to the Report on Social Development (page 17), the Report on Economic Development (page 22) and the Report on the Environment (page 25).

**Clean air, water and land** – Residents' perceptions indicated that air pollution and to a greater extent water pollution were of concern. Monitoring undertaken suggested that there may be air quality issues in Wainuiomata and particularly during the winter months, and that pollution incidents relating to odour were the most common incident type. Water quality monitoring also identified some issues, while drinking water quality was assessed as satisfactory with a very low level of risk when the water leaves the treatment plant.

**Everyone has affordable access to services that improve health** – Hutt City has fewer GPs per 100,000 of population compared with the rest of New Zealand but the introduction of Primary Health Organisations has made primary health care in the Hutt Valley considerably more affordable than in the past. The Meningococcal B campaign achieved well above the national average coverage rate. The number of beds available for elderly care has increased over the past four years, although the elderly population has also increased over this time.

**A city that is safe, friendly and welcoming, where people experience a sense of belonging** – The road toll for Hutt City has reduced. While recorded crimes appear to have risen between 2005 and 2006 these figures are still declining when compared to 2003 and 2004. Results from the Closed Circuit TV project in the CBD were very promising. The perception of safety in the community falls dramatically after dark. Sixty percent of residents agreed they felt a sense of community in their local neighbourhood. The majority of residents felt that greater cultural diversity made the city a better place. The number of residents gaining citizenship has increased considerably. Voter turnout decreased from the 2001 to the 2004 elections.

**Everyone has affordable access to excellent educational services** – In most categories the highest qualification level attained is higher than the national average. Hutt City compares favourably with its neighbours with the exception of Wellington City in terms of the percentage of school leavers qualified to attend university. Early childhood education attendance is higher than the national average, with the percentage of non-attendance in Hutt City lower than the national average.

**Everyone has a quality standard of affordable housing** – There has been a steady rise in the median house sale price in Hutt City, an increase in the mean rent for properties, and a decline in home affordability. Private landlords own the majority of rental housing stock in Hutt City but Housing New Zealand Corporation owns just under 30% of rental properties in the city, which guarantees income related rents for the most needy of Hutt City's residents.

**A local economy that is attractive to both business and residents** – The number of businesses in Hutt City has increased significantly with a considerable increase in the number of employees apart from those in the education sector. Unemployment has seen a sharp decline.

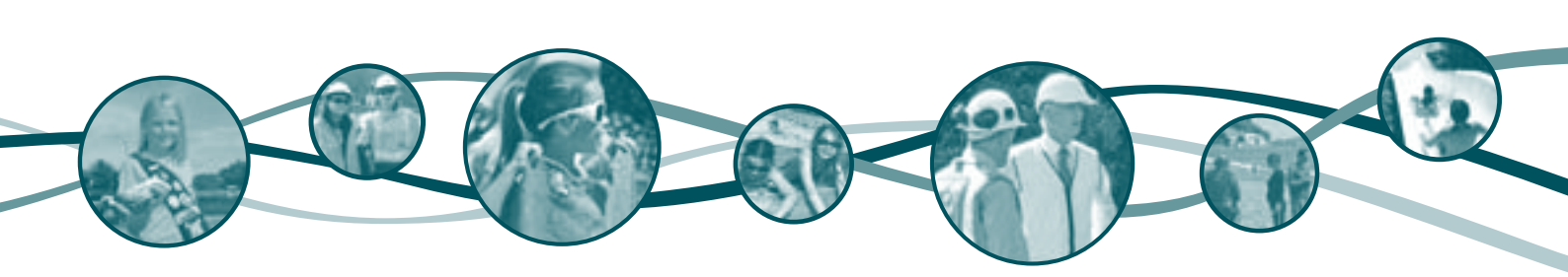
**Affordable access to community facilities that include arts, cultural and recreational options** – Council provided facilities enjoy high levels of usage and satisfaction.

**A diverse natural environment that is accessible, enjoyable and safe** – Almost all residents find it easy to access a local park or other green space. A range of projects related to biodiversity have been started and are ongoing.

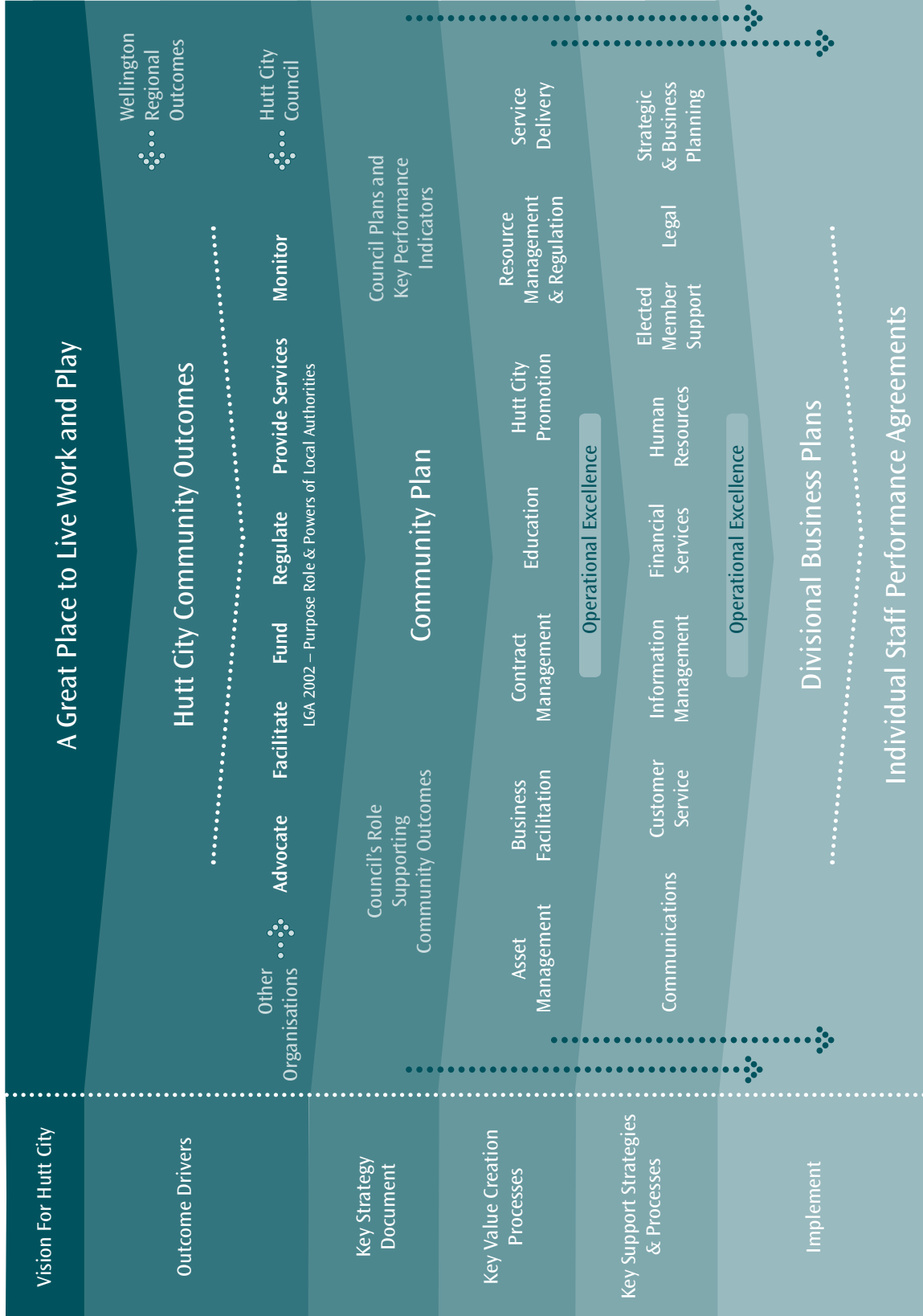
**A healthy balance between natural and built environments/A built environment that is attractive, safe and healthy** – Sixty percent of residents feel a sense of pride in the city, with 88% satisfied with the overall look and feel of the city.

The full report may be accessed on Council's website or by phoning 570 6805. The information gathered will be used as a baseline against which future reporting will be undertaken. Reports will be produced annually commencing in 2008.





# STRATEGIC FRAMEWORK

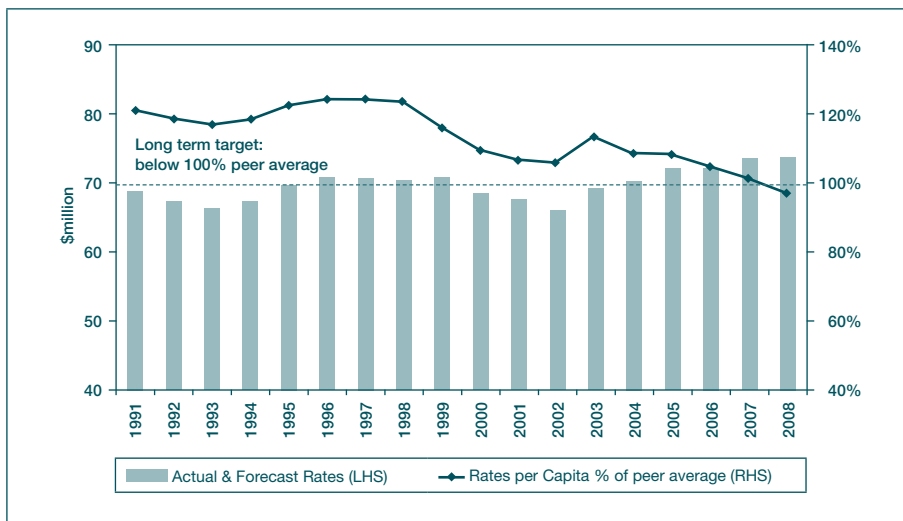


# REPORT ON KEY PERFORMANCE INDICATORS

## Key Performance Indicators

Council monitors eight key performance indicators to ensure the organisation is being managed effectively. This section of the Annual Report provides historical information, targets, and benchmarks in relation to those performance indicators.

### Rates Income (Inflation Adjusted)

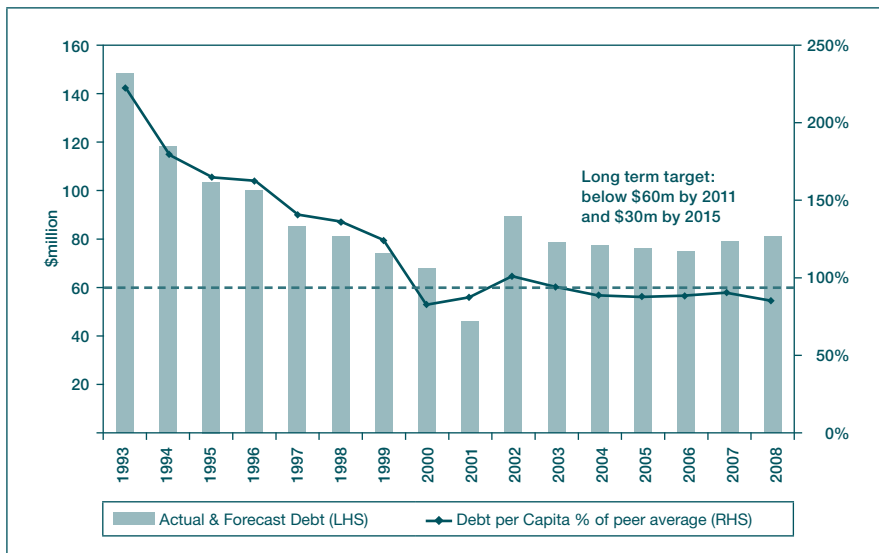


The level of rates is a key focus of Council's Financial Strategy.

This graph shows historical rate levels. It highlights the reductions achieved from 1999 onwards, offset by modest increases in recent years to cover the cost of wastewater treatment facilities.

The graph also measures rates per capita in comparison with our peers (other similar local authorities). Historically Hutt City rates per capita have been well above peer average. This is partially owing to many peer authorities owning major profitable businesses such as ports, airports, forestry and electricity companies, that help to keep rates down. Council's target is to deliver rate levels less than the peer average per capita. The graph shows that this was achieved in 2008.

### Net Debt (Inflation Adjusted)

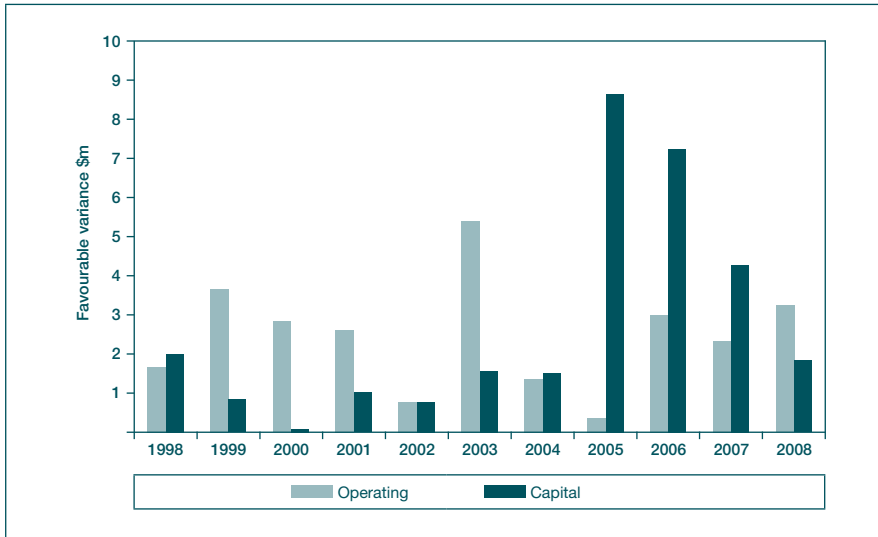


Council's Financial Strategy has a target of reducing debt below \$30 million by 2015. This target has been adopted so that Council can further strengthen its financial position and be well placed for the increase in capital replacement expenditure anticipated over the next 20-30 years.

This graph shows historical net debt levels. It highlights the considerable success Council has had in reducing debt levels since 1993. At the time debt levels in Hutt City were more than twice the average for similar local authorities.

The increase in debt in 2002 was owing to the unavoidable requirement to fund the construction of the wastewater treatment facilities at Seaview. However, debt levels are now below the average of peer local authorities and forecast to fall further.

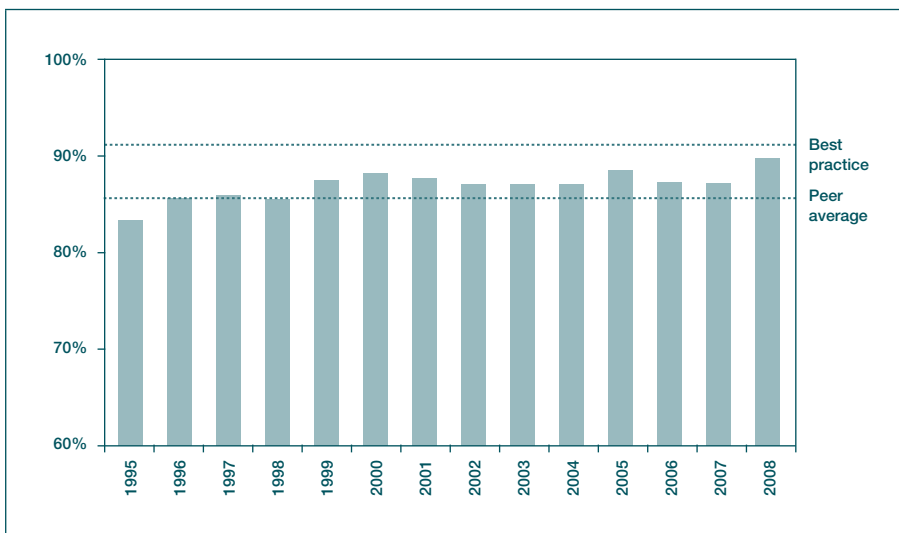
## Budget Management



The key financial performance indicator at an operational level is results compared to budget.

The graph highlights that Council has achieved operating and capital surpluses compared with budget every year since 1998, although favourable capital results are typically owing to timing differences on project completion.

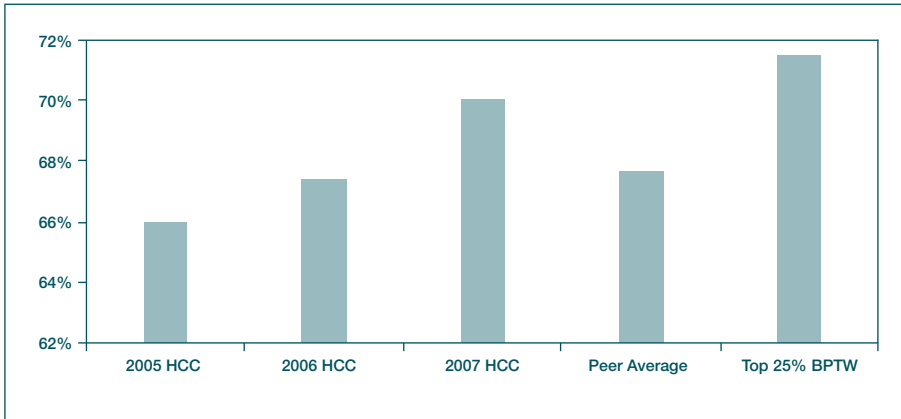
## Customer Satisfaction



Council monitors customer satisfaction levels with Council services annually by way of an independently conducted survey. The graph shows the steady results achieved that are above peer average.

Council budgets to maintain satisfaction levels of at least peer average, but has a long term target of achieving results regarded as best practice.

## Staff Perceptions

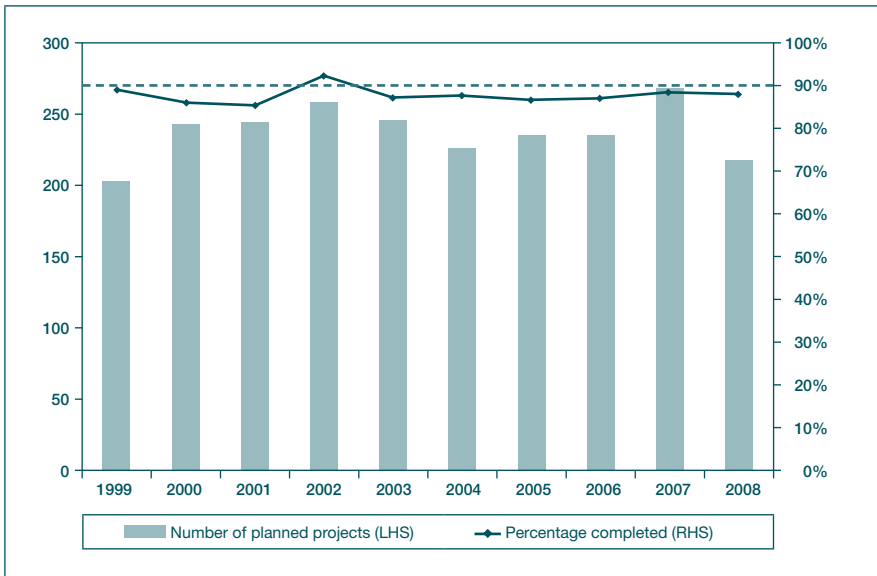


Council has been measuring overall satisfaction levels of staff for the last six years through independent surveys, and steady improvement has been noted over that time.

Council budgets to generally remunerate staff at close to market average levels. Council endeavours to improve staff satisfaction by addressing staff concerns raised during the annual survey, where possible through modest cost solutions.

During 2005 Council changed its key performance indicator from staff satisfaction to an overall measure of staff perceptions of the organisation based on the results of the John Robertson & Associates “Best Places to Work” Survey (BPTW). The graph shows that the staff perceives Council to be a slightly better place to work than the average local authority, but below staff perceptions of the best places to work in New Zealand.

## Project Completion



Each year Council commits publicly to between 200 and 300 projects as described in the Community Plan.

During the year a number of these projects will not be completed for a variety of reasons. Generally these uncompleted projects carry over into the next financial year and are completed then. Council has adopted a target of completing at least 90% of projects scheduled for the financial year.

## Compliance

| YEAR | NON-COMPLIANCE INSTANCES |             |
|------|--------------------------|-------------|
|      | INSIGNIFICANT            | SIGNIFICANT |
| 2004 | 9                        | –           |
| 2005 | 6                        | –           |
| 2006 | 1                        | –           |
| 2007 | 3                        | –           |
| 2008 | 1                        | –           |

Council activity spans a wide range of businesses. As a result, compliance is a complex issue and essential to Council achieving its objectives. Council monitors its compliance with the law, contracts, consents, employment agreements, health and safety requirements and Council policy on a monthly basis. The target of having no significant non-compliance instances has been achieved each year. However, several minor breaches have been identified and remedied without any significant impact on Council operations.

## Business Excellence Assessments

| YEAR | ASSESSOR                                   | RESULT                     |
|------|--|----------------------------|
| 1999 | Business Excellence New Zealand            | No recognition             |
| 2000 | Business Excellence New Zealand            | Local government runner up |
| 2001 | Business Excellence New Zealand            | Local government winner    |
| 2002 | Business Excellence New Zealand            | Local government winner    |
| 2003 | NZ Business Excellence Foundation          | Progress award             |
| 2004 | NZ Business Excellence Foundation          | Commendation award         |
| 2005 | No application made                        | –                          |
| 2006 | NZ Business Excellence Foundation          | Achievement award          |
| 2008 | Vero Excellence in Business Support Awards | Local government winner    |
| 2009 | NZ Business Excellence Foundation          | Application to be prepared |

Council submits itself to full independent assessments by experts in organisation performance. These assessments are used to identify areas for improvement, and also to gauge Council's performance in relation to other local authorities and best practice private sector organisations internationally.

The table indicates the significant success Council has had in recent years.

In 2006 Council received an Achievement Award from the NZ Business Excellence Foundation. Council's score was the highest ever achieved by a local authority and has only been exceeded by very few organisations.



## REPORT ON GOVERNANCE

Local democracy is about:

- conducting business in an open, transparent, and democratically accountable manner
- giving effect to identified priorities and desired outcomes in an efficient and effective manner
- having regard to the views of all communities within a district
- prudent stewardship and the efficient and effective use of its resources in the interests of its district or region
- taking into account –
  - the social, economic, and cultural well-being of people and communities
  - the need to maintain and enhance the quality of the environment
  - the reasonably foreseeable needs of future generations
- fair and effective representation for individuals and communities
- all qualified persons have a reasonable and equal opportunity to –
  - cast an informed vote:
  - nominate 1 or more candidates:
  - accept nomination as a candidate:
- public confidence in, and public understanding of, local electoral processes.

Hutt City Council is made up of the former Eastbourne Borough, Petone Borough, Wainuiomata District and Lower Hutt City Councils and the Hutt Valley Drainage Board, which were amalgamated in 1989. Council has two separate components – the political body (the elected members), and the corporate body (the administrators). Council is governed by a Mayor (Mayor David Ogden), who is the Chair, and twelve Councillors, all of whom are elected by Hutt City citizens for a three year term of office.

To ensure that each part of the city is represented around the Council table, it is divided into six separate wards and the voters in each ward elect two members to represent them on Council. The Mayor is elected 'at large' which means that all citizens can vote for the Mayor.

### Political Governance

The concept of governance refers to the manner in which Council exercises its role and authority. The concept includes:

- leadership and vision
- consultation and citizen involvement
- strategic policy setting
- decision making and
- auditing the organisation's results.

The elected Council sets the broad strategic direction and policies for the Chief Executive and staff to implement and audits the results. Council ensures, on behalf of the community, that the organisation achieves what it should and that it avoids undesirable situations and circumstances. The Chief Executive of Council is the sole employee of the elected members of Council. The Chief Executive in turn is the employer of all other Council staff members. The Chief Executive is responsible to Council for:

- implementing the decisions of Council
- providing advice to Council, Community Board and Community Committee members and
- ensuring all functions delegated to the Chief Executive or to any other employees are carried out.

Hutt City Council's vision for the city is 'A Great Place to Live, Work and Play'. To achieve that vision Council has a number of strategic goals:

- a vibrant and diverse city
- accessible and high quality leisure activities and facilities
- a connected, safe and healthy community
- affordable, sustainable, accessible and high quality services
- a best practice organisation that provides value for money and prudent management
- an organisation that values its customers and staff
- a strong, enterprising and diverse economy
- a clean, healthy, attractive and sustainable environment.

These strategic goals are linked to Community Outcomes the community has identified as being of importance. The Local Government Act 2002, amongst other things, requires territorial authorities to carry out a process to identify the outcomes its community wants for the long term good of the city. Community Outcomes are those outcomes identified by the community as being a priority to improve the social, economic, environmental and cultural well-being of Hutt City.

## Treaty of Waitangi

The Council takes into account the principles of the Treaty of Waitangi and ensures that a sincere partnership is maintained between the mana whenua and elected Council. This recognition and relationship has been achieved through the development of Memoranda of Agreements. Council works hard to make sure all parties are kept informed and have the opportunity to take part in Council's affairs. A full statement regarding the Treaty of Waitangi can be found on page 20.

## Roles and Responsibilities

Council currently provides the following services (although Council does not necessarily carry out the services itself):

- essential physical services such as water supply, roads, drainage, sewerage and collecting and disposing of rubbish
- parks, sports fields, recreational facilities, libraries, museums, community centres and housing
- resource management planning and emergency management
- essential regulatory duties such as environmental health, building inspection and animal control and
- promotion and advocacy of the social and economic well-being of the city's residents.

## Political Structure

The Council has created a number of committees to undertake preparatory work before matters reach the full Council, and perform regulatory and monitoring functions, which frees the Council to focus on matters relating to strategic direction, policy-making and governance. The responsibilities of the Council's four principal Standing Committees are as follows:

**Strategy and Policy Committee** – the role of this committee is to assist Council with its policy development, for example, undertaking consultation and hearing submissions, resulting in fully considered policies going to Council for adoption.

**Operations and Compliance Committee** – this committee is responsible for ensuring that Council's statutory and regulatory responsibilities are met, that relevant legislation is complied with, and that Council's policies, as they are being implemented, are meeting stated objectives.

**Finance and Audit Committee** – this committee is responsible for reviewing progress towards achievement of all of Council's financial objectives, and Statements of Intent for the Council-Controlled Organisations and Council-Controlled Trading Organisations. The committee is also responsible for approving the audit process and programme for Council for each financial year and reviewing financial information at the completion of the annual examination of Council's finances.

**Governance Committee** – which is responsible for assisting Council meet its governance obligations.

The following committees are also Standing Committees of Council but meet as required to deal with the particular matters related to their delegations:

**District Plan Committee** – this committee hears and decides all matters concerning the District Plan and administration of the District Plan and hears submissions on proposed Changes to the District Plan.

**Hearings Committee** – responsible for determining resource consent applications, and exercise of Council's statutory and regulatory responsibilities in the areas of resource management, Sale of Liquor and the Reserves Act.

**Community Grants Committee** – responsible for administering and allocating Council funded grants such as the Community Houses and Marae Funding Schemes and the Community Development Fund, and the Creative New Zealand (Creative Communities) Scheme.

**Community Plan Committee** – which is responsible for the development of a framework and timetable for the planning process, appropriate public consultation and statements to the media, the hearing of public submissions on the Community Plan/Annual Plan, and making recommendations to Council on the adoption of Council's Community Plan/Annual Plan.

Council has two special committees – the Hutt Valley Services and Civic Honours Committees. The Hutt Valley Services Committee is a Joint Committee with Upper Hutt City Council. This committee is primarily concerned with the shared services of the two Councils, which are the Silverstream landfill, the Hutt Valley bulk wastewater network, the combined cemetery service for the Hutt Valley at Akatarawa, and combined emergency management services for the Hutt Valley. The Civic Honours Committee meets once a year to consider and select the recipients of annual Civic Honours awards.

Hutt City Council is a member of Greater Wellington Regional Council's Hutt River Advisory Committee, Waiwhetu Stream Advisory Committee, Regional Land Transport Committee and Wellington Regional Strategy Committee. The Hutt River Advisory Committee is concerned with the implementation of flood mitigation measures for the Hutt River. The Waiwhetu Stream Advisory Committee was established to oversee the development of a management plan for the Waiwhetu Stream. The Regional Land Transport Committee deals with transport planning including public transport for the region. The Wellington Regional Strategy Committee oversees implementation of the strategy aimed at ensuring the region's long term prosperity.

Hutt City Council also has three elected Community Boards – Eastbourne, Petone and Wainuiomata – and two Community Committees – Central/West and North/East. The role of these local representatives is to support Council in its governance role by facilitating local input into Council's decision-making processes. Council also delegates to Community Boards and Community Committees a range of functions including providing their local community's input into strategic planning, resource management and road safety issues; maintaining an overview of roadworks, water supply, sewerage, stormwater, drainage and waste management for its local area; and deciding traffic management issues where consultation with affected parties has not achieved majority agreement.

Council, its principal Standing Committees and the Community Boards and Community Committees normally meet once every six weeks. All meetings convened by Council are publicly advertised each month and are open to the public, except for those parts of the meeting from which the public is excluded in accordance with the requirements of the Local Government Official Information and Meetings Act 1987. Agendas for meetings of Council, its Committees, Community Boards and Community Committees are available to members of the public before the meeting either on the Council's website or from Council's offices, libraries and service centres.

There are many different ways in which members of the public can voice their opinions to Council and its Committees, including presentation of petitions, deputations and through the public comment section, which is held for a period of up to 30 minutes at the beginning of each public meeting.

## Corporate Governance

Hutt City Council management is focused on:

- being accountable
- ensuring good management
- being open and consultative
- providing value for money and
- being customer driven.

There are a number of formal corporate management teams operating alongside group and divisional management teams. The key teams are the Executive Management Team, the Customer Strategy Team and the Information Services Governance Team. All contain representatives from across the organisation and are responsible for the strategy, policy and overall operation of their particular team focus.

All divisions and business units of Hutt City Council set their objectives in line with the Community Plan/Annual Plan. The results of customer surveys and feedback are also incorporated in work plans. Divisional managers meet regularly with their staff, either fortnightly or monthly, to review the performance of their division or business unit. In addition coaching and feedback sessions are conducted with individual staff members to ascertain performance against objectives set in the performance appraisal process. Divisional and business unit managers meet with their general manager regularly.

Managers have within their job descriptions the responsibility for staff development and the setting of learning/training objectives. These are set annually as part of the performance appraisal process and also as part of the individual coaching and review process which reacts flexibly to customer and staff requirements.





# REPORT ON STAFF MANAGEMENT

## Organisational Profile

Hutt City Council employs approximately 550 employees (375 FTE's) in numerous locations around the Hutt Valley.

Employees have a wide range of qualifications, skills and experience matching the diverse nature of Council's operations. Employees are supported by coaching, training, mentoring and effective performance management.

## Purpose, Vision and Values

Considerable work has been done on the implementation of a purpose, new vision, values and behaviours. These new values and behaviours are being integrated into existing Human Resources processes and documents, such as the Code of Conduct, performance management processes and job descriptions.

Every person at the Council has a leadership role to play and the challenges over the past year have been to create an organisational culture that is in line with our newly implemented values and behaviours.

## Organisational Development

Positive steps have been taken to develop an environment identified by staff through feedback from the Best Places to Work Survey and other surveys/reports identifying organisational-wide areas for improvement.

A key driver analysis of the Best Places to Work Survey to identify those areas that lead to enhanced employee engagement was undertaken and resulted in a Leadership Programme being developed alongside the continued focus on the vision and values.

Senior managers undertook a 360° assessment process to establish future development needs and the resulting programme is aligned to behavioural expectations and linked to the competency framework that has been developed.

## Performance Management

A competency framework based on the values and behaviours has been integrated with amended performance management documentation (performance appraisal documentation and job descriptions). Training has been provided to staff and managers in relation to this.

Council uses the performance management system to plan development of staff and determine salary increases based on performance.

## Policies Developed

A number of HR policies and procedures have been reviewed and implemented including Managing Misconduct and Poor Performance, Parental Leave, Leave Policy, Code of Conduct, and review of Performance Management documentation in line with the newly developed competencies, resulting from the new vision and values. A project team is currently working on flexible working practices within the Council. These policies will continue to be developed and reviewed to ensure alignment with Council's strategic direction.

## Collective Employment Agreement Negotiations

Negotiations have been successfully concluded for a combined Core/Library/Parking CEA, reducing the overall number of Collective Employment Agreements at Hutt City Council.

## Learning and Development

A training and development framework has been completed linking training to the strategic objectives of the organisation. The purpose of the framework is to take a more strategic approach in relation to training and provide a structure for delivery that enables us to identify programmes that are tailored to our needs. This will ensure that we have cost effective training interventions aligned specifically to our needs. Based on this framework a corporate training plan is being developed for the coming year. Emphasis will be placed on developing staff capability to meet future demands and LTCCP objectives.

## **Working Environment**

Hutt City Council provides an excellent working environment for its employees. HR strategies continue to promote and support Council as a high performing workplace. The Council has several initiatives in place regarding wellness, flexible working and employee participation in cross functional teams. Cross functional teams have been used to improve focus areas including HR processes, flexible working practices, and embedding the purpose, vision and values. These practices enable us to be seen as an employer of choice.

## **Remuneration**

A market based salary system based on a comprehensive job sizing review has been adopted throughout the organisation. This ensures a transparent system is linked to market rates and provides a clear opportunity for remuneration over and above the market median based on performance. Remuneration packages are reviewed annually in November.

## **Health and Safety Management**

The Council is committed to the prevention and management of workplace injury and illness by all staff being actively involved in recovery, rehabilitation and workplace programmes. The Council is focused on having robust health and safety systems in place, and all staff are involved in the decision making and setting of workplace goals to ensure a safe and healthy working environment.

Changes have been made to the Health and Safety Committee to provide better alignment with the business groups and to provide better reporting and accountability throughout the Council.

## **Equal Employment Opportunities**

Hutt City Council supports EEO to meet the challenges of working effectively in diverse communities and this is actively promoted through sound recruitment and selection processes.



# REPORT ON SOCIAL DEVELOPMENT

## Overview

In 2003 Council developed 10 community outcomes following a significant consultative process with residents. These outcomes have helped focus Council's activities and efforts on issues of importance to the community. In 2006 Council aligned its outcomes with those of the Wellington Region. Around half of the community outcomes concern social development and the Council has worked to be an effective contributor to achieving these outcomes in a variety of ways. This report on Social Development highlights some of the key projects and developments in these areas over the last year.

## Council Priorities

The Council's priorities are aligned to the community outcomes. Five outcomes encompass social development issues. These are listed below together with some of the key projects in which the Council has been involved in 2007/08. Many other agencies have a significant impact on social development in the City and the Council works with these to achieve greater results.

### Hutt Valley Governance Group

Co-ordination of a great deal of the joint activity in the social area is governed by the Hutt Valley Governance Group which was established in 2003 as a result of both the Council's and central government's desire to develop a 'whole of government' approach to the provision of services within the Hutt Valley. Its membership comprises representatives from Hutt City Council, Upper Hutt City Council, government departments and other government funded agencies that provide services to the Hutt Valley. The purpose of the Group is to improve the overall coordination, policies and programmes of its members, to enhance the well-being of the Hutt Valley. This initiative is expected to continue assisting the achievement of social development outcomes in the future as agencies work more effectively together, aligning resources and efforts to maximise positive individual and community outcomes.

### Wainuiomata Pilot Project

The Council has been a party to an initial three year contract which ended on 30 June 2007. A new five year integrated contract involving a range of government agencies and the Council was finalised with Te Rūnanganui o Taranaki Whānui. The new contract aims to continue the progress made in the past three years to improve the community well-being of Wainuiomata, Naenae, Pomare and other designated communities.

## Community Outcome – Everyone has affordable access to services that improve health

The Council does not have a direct role in the provision of health services. However, it maintains a close relationship with the Hutt Valley District Health Board and is involved in several joint initiatives with the DHB, for example, support of a joint Disability Advisory Group.

### Disability Advisory Group

The Disability Advisory Group (DAG) for the Hutt Valley Region first met in December 2006, at Orongomai Marae in Upper Hutt. The group was jointly initiated by Hutt City Council, the Hutt Valley District Health Board and Upper Hutt City Council to advise these organisations on issues of concern for disabled people in the region. The DAG representatives are people with their own disability experience, or who have lived or worked with people with disabilities. The DAG has a number of more specific functions. These include building knowledge of the needs of people with disabilities and to work out how these needs can be resolved cohesively throughout the Hutt Valley. Consultation on disabilities is also on the Group's agenda. The Group acknowledges that the two Hutt Valley councils and the HVDHB have responsibilities for consultation, and the DAG believes it can advise and assist these bodies on the best ways of consultation with people with disabilities. The DAG meets four times a year and has raised issues regarding building sites, swimming pools, public toilets, angle parking and other access issues affecting disabled people. Hutt City Council will be providing projects on which the group's advice is sought.

## Community Outcome – A city that is safe, friendly and welcoming, where people experience a sense of belonging

Community Development is a Business Unit within the Development Services Group of Hutt City Council. Community Development actively works with a range of groups and organisations to foster a more inclusive society as well as promoting the interests of their various members. Examples include support for the Hutt Ethnic Council, Hutt Valley New Settlers Centre, the Hutt Valley Youth Workers Network and Hutt City Council's own youth council, Youth Infusion.

## City Safety

The Council endorsed a Safer Streets Action Plan 2007-12 to focus on improving the safety and perception of safety in Lower Hutt. It will focus on core business areas of Closed Circuit Television (CCTV), Community Patrols, Crime Prevention through Environmental Design (CPTED), reducing alcohol related harm, agency and community collaboration and perception of safety benchmarking. This will be partially funded by the Ministry of Justice, Crime Prevention Unit.

Currently this focuses on looking at expanding the CCTV network in the northern suburbs, introducing liquor bans in the Petone and Stokes Valley area, increasing the hours of the CBD liquor ban, the start of an alcohol accord process in Jackson Street, consulting on CPTED in Stokes Valley and the CBD, the introduction of a Public Carpark safety accreditation scheme and developing a perceptions of safety survey for the city.

## Bylaw Review Programme

The Council is required, under the Local Government Act 2002, to review all its existing Bylaws by 1 July 2008. This was achieved. A primary focus of Council's Bylaws is concerned with the health and safety of the community. During the 2007/08 year the following bylaws have been reviewed:

- Amusement Devices Bylaw 1997;
- Earthworks Bylaw 1997;
- Miscellaneous Bylaw 1997;
- Fire Prevention Bylaw 1997;
- Refuse Collection and Disposal Bylaw 1997; and
- Licensing of Mobile and Travelling Shops Bylaw 1997.

## Community Outcome – Everyone has affordable access to excellent educational services

Council does not have a direct role in educational service provision, however Council has partnered with other agencies to support initiatives where young people can access education, training or work opportunities. For example, Council maintains a constructive relationship with WelTec, a significant provider of tertiary education in the City.

## Youth Transition Service

The Hutt Valley Youth Transition Service (Vibe YTS) is now into its third year of operation.

The following table shows the current status of Vibe YTS clients who are currently registered or have exited as at June 2008:

|  |              |
|--|--------------|
| Registered but not yet placed                | 86           |
| Customised Support (receiving interventions) | 118          |
| Follow up (being monitored)                  | 95           |
| Exited                                       | 1,296        |
| <b>Total</b>                                 | <b>1,595</b> |

## Community Outcome – Everyone has a quality standard of affordable housing

The Council provides housing for the elderly and socially disadvantaged. Occupation rates for these properties remained high during the year and these homes are keenly sought by those who qualify.

## Healthy Housing Steering Group

In 2005 Council became a member of the Healthy Housing Steering Group. This Group was established by the Hutt Valley District Health Board (HVDHB). Members include Housing New Zealand, Hutt City Council, EnergySmart, Hutt Mana Charitable Trust and the Wellington School of Medicine. During its strategic planning the HVDHB identified healthy housing as a priority public health issue in the Hutt Valley. Housing is a key determinant of population health and improving the condition and state of housing will enable improvements to health and well-being, and the prevention of hospital admissions.

The purpose of the Hutt Housing Steering Group is to provide a co-ordinated and collaborative approach to housing projects being undertaken in the Hutt. The Housing Steering Group will:

- Provide a forum for the various agencies and stakeholders to share information about the initiatives that are being undertaken in the area of housing in the Hutt Valley.
- Ensure that there is a coordinated approach and that duplication is not taking place or that areas of high need are not missing out on housing initiatives.
- Explore options of collaborative funding and implementation of housing projects in the Hutt.

The Group completed a pilot project in 2007/08 that retrofitted 95 residential homes and undertook a social needs assessment with the occupants of these homes. Based on the results of this pilot, a three year 'Healthy Homes Healthy People Programme' to retrofit around 740 homes in the Hutt Valley was launched in February 2008. This Programme has now been incorporated into a larger joint initiative involving the Housing New Zealand Corporation (HNZC) and the Hutt Valley District Health Board. This joint initiative aims to generally improve housing conditions within HNZC properties in a defined area. Up to 1,700 households in Naenae, Taita and Pomare will be included in the programme over a three year period and a joint assessment covering occupants' housing, health and social needs will be undertaken.

## **Community Outcome – Affordable access to community facilities that include arts, cultural and recreational options**

The Council provides a significant range of services that contribute to this outcome, including libraries, museums, pools, parks and sportsgrounds. Aside from these core services, a number of other community facilities and events are supported financially by Council such as community houses, community halls, Youth Forum, and Multi Ethnic Day. Community houses organise and run a variety of activities and programmes for their local areas and community halls are used extensively across the City by a range of groups and organisations.

### **Settlement Services**

The Hutt City Council has been contracted by the Department of Labour (DoL) to provide Settlement Support services since July 2005. The purpose of this initiative is to ensure new settlers have access to relevant information that will help them settle into the Hutt Community.

The Council employs a Settlement Support Coordinator who is responsible for collating information about new settlers and service providers and encourages inter-agency action in responding to settlement needs. This is done by:

- Establishing an interagency steering group.
- Providing a face to face service that is delivered through New Settlers Centre in Lower Hutt and by the Upper Hutt City Council in Upper Hutt.
- Arranging information workshops and other information sharing forums.
- Organising Settlement Support Network meetings.
- Organising Local Settlement Network meetings.
- Development of a strategic plan addressing long term information needs of new settlers in a coordinated way.
- Collating and analysing information from new settlers to determine greatest need and addressing these in an annual business plan where possible.
- Reporting back to DoL about these findings so that they are able to address issues at a national level and inform policy if relevant.
- Distributing multilingual HCC Info sheets.



## REPORT ON OUR COMMITMENT TO THE TREATY OF WAITANGI – TE TIRITI O WAITANGI

Council is committed to the principles of the Treaty of Waitangi – Te Tiriti O Waitangi – and to maintain and improve opportunities for Maori to contribute to local government decision-making processes. Council also recognises and provides for the special relationship that Maori have with their culture, traditions, land and taonga.

The obligation to consult with Maori includes recognising those who have mana whenua, or inherited rights of land ownership. Within Hutt City these are represented by Ngā Tekau o Pōneke – the Wellington Tenth Trust. Council also recognises Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui as mana whenua. Both these groups represent Te Atiawa and the Taranaki tribes within the Wellington region.

This obligation also extends to urban Māori now resident in Hutt City, including (but not limited to) Te Taurahere o Te Awakairangi and the seven Marae within Hutt City.

### Key Principles

- Take into account the principles of the Treaty of Waitangi – Te Tiriti O Waitangi.
- Continue with the established contractual agreements with Te Atiawa.
- Continue to work alongside established and develop relationships with other Māori organisations and the following Marae within Hutt City:
  - Koraunui Marae
  - Te Mangungu Marae
  - Wainuiomata Marae
  - Te Kakano o te Aroha Marae
  - Waiwhetu Marae
  - Kokiri Seaview Marae
  - Te Tatau o te Pō Marae
- Pursue Council's statutory obligations under Part II of the Resource Management Act 1991 and Section 4 of the Local Government Act 2002.

### Goals

- Provide opportunities for Maori to contribute to Council decision-making processes.
- Enable greater information flows on activities of mutual interest to both Maori and Council.
- Foster the cultural life of the city in which Council and Maori will each play their part in a bi-cultural partnership.
- Maintain consultation and involvement with Te Atiawa.
- Consult with Te Taurahere o Te Awakairangi.
- Consult with the seven Marae within Hutt City.

### Programme

- Ongoing promotion of Memoranda of Agreements between Council and key Maori stakeholders.
- Work to maintain long-standing relationships with Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui, Nga Tekau o Pōneke – the Wellington Tenth Trust, Te Taurahere o Te Awakairangi and the seven Marae within Hutt City.
- Work to maintain existing and developing relationships with other Maori community organisations.
- Ensure that all parties are kept informed of Council's developments and are given the opportunity to take part in Council's affairs.
- Provide quality advice and support for capacity and capability strengthening.

## **Joint Initiatives**

Te Whiti Park is jointly managed by Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui and Council.

Owhiti Urupa

Te Puni Street Urupa

The prow of a Maori waka was discovered at the Opahu Pumping Station construction site in 2006. It is undergoing a preservation process as a cooperative venture between Ngā Tekau o Pōneke – the Wellington Tenth Trust, Hutt City Council and the Ministry of Culture and Heritage.

## **Marae Grants**

Council grants to each of the seven City Marae.



# REPORT ON ECONOMIC DEVELOPMENT

## Introduction

Hutt City has recently completed its first five year timeframe 2002–2007 implementing its Economic Development Strategy (“EDS”). Council, as one of many players in the economic development of Hutt City, is committed to encouraging a strong, enterprising and diverse economic base. The primary purpose of the EDS is to increase the number of jobs available within Hutt City. This remains a priority for Council as it updates its strategy for the next period.

## Current Situation

Reporting the results for the fifth full year since the EDS was signed off; Hutt City’s economic performance continues to perform at a high level, reflecting the increasing confidence and activity taking part in every corner of the city. Highlights for the year to March 2007 include:

- Job numbers increased by 2.0%, to 44,920 jobs for the year (2005-2006, 3.6%)
- There were 170 new businesses created in 2006-2007 (2005–2006, 204)
- GDP/Value Added rose by 3.7% (2005–2006, 4.4%)
- The number of residents was estimated to have increased 0.9% to a total of 101,500 (2005-2006, 101,300)

These are continued encouraging results. Job numbers in particular are to be noted. The EDS identified a target of 37,716 jobs by 2007. As at March 2007, there were 44,920 jobs in Hutt City. Council is continuing to work hard to attract industries and businesses to locate and stay in Hutt City to ensure a broad-based economy.

The city remains in good heart despite the current economic downturn.

## Key Priorities

Council’s key priorities are based on its role in economic development and the areas of focus that the business community has told it to give attention to. These are:

- 1. Implementation of the Economic Development Strategy**
- 2. Retention, growth and attraction of businesses**
- 3. Increasing the recognition of Hutt City as a place to do business**
- 4. Continued relationship development and relationship management with key partners and other organisations.**

### 1. Implementation of the Economic Development Strategy (EDS)

The EDS targets a scenario of 0.7% growth per annum – 0.3% to replace those jobs lost each year and 0.4% real growth.

To achieve this, the focus is on four outcomes:

- More businesses operating in Hutt City
- Recognition of Hutt City as a business location and vibrant city
- Continued investment in current and new business activities
- An available skilled workforce.

Council’s role is to achieve the EDS outcomes by:

- a) Taking a primary role in the “more business” and “recognition” outcomes, working in partnership with relevant local, regional and national organisations. These include Grow Wellington (the Regional EDA), Business Hutt Valley Ltd and New Zealand Trade & Enterprise.
- b) Taking a primary role in the “skilled workforce” outcome with the continued operation of TradeStart in conjunction with Work & Income and support for WelTec’s trades training initiatives.
- c) Taking an increasing role in the “continued investment” outcome in conjunction with organisations such as Smartlinx 3 Ltd and Grow Wellington.



## 2. Retention, Growth and Attraction of Businesses

Growth in jobs can come about from either the development of more businesses or retention of and growth in current businesses. This is a key to the future economic growth of the City. In the 12 months to March 2007, 170 new businesses were created in the City.

During the year a number of developments commenced that will assist the City's business and employment growth over the next 12-18 months. They include new developments on the IBM Petone site, and on the ex-Colgate Palmolive site.

The closure of the Colgate Palmolive factory and the announcement of the Griffins biscuit factory closure later this year reiterates the importance of the development of a broad based vibrant economy for the City. Whilst a number of large scale manufacturing sector closures were announced throughout the Wellington region during the last year, the number of people working in this sector in Hutt City has increased slightly and the announced job losses to date appear to have been readily absorbed within the sector.

Visitor numbers to the i-SITE were up 9.5% (1,143) on last year. Statistical comparison of source of visitor was only started in the last quarter but a trend was already evident with local visitors showing the greatest growth (12% +563) on last year while international visitors were in decline (-23% -91). An emphasis on sales through the i-SITE saw a marked improvement in visitors sales figures on the early months of the year. Revenue however was still down (-6% -\$18,391) on last year mainly due to the revenue generated last year through the John of God event. While marketing remains focused on locals and their visiting friends and relatives, some good inroads were made into the cruise ship and coach tour markets for the coming seasons. Contracts are currently being negotiated with a cruise ship operator for bus transfers to Jackson Street and Westfield and with a new Jackson Street shopping tour operator. The coach tours have also shown increased interest in existing attractions such as Experience Stansborough.

Following the successful progressive implementation of landscape upgrade projects alongside businesses in the Wingate industrial area, Council continues to assist the Wingate business group on developing other initiatives. Late in 2007 the group formalised itself as an incorporated society keen to pursue other mutually beneficial initiatives beyond the Council-sponsored projects. Council also continues to work with business groups in Seaview/Gracefield and Petone to identify and work on initiatives in these areas.

Urban enhancement work is currently being planned for the Naenae shopping centre, involving the young people of Naenae in the planning process. Other projects are also planned in Stokes Valley in the coming year. A significant investment has also been made in providing CCTV security cameras in the Naenae and Stokes Valley shopping centres, a project made feasible through affordable broadband provided by Smartlinx 3 Ltd.

Council, along with CBD Plus, has taken a significant role in the development of a long term strategic framework for future urban enhancement of the CBD. The High Street upgrade commenced early this year as part of the CBD Masterplan and will continue into the next financial year.

## 3. Increasing the Recognition of Hutt City as a Place to do Business

Council's business newsletter "Thrive" continues to be well received by Hutt City businesses. Published quarterly and now into its twenty-fifth edition, the newsletter outlines issues of interest to business and highlights businesses in the City.

The "Creating Business Success – Hutt City" brochure prepared by Council outlining the benefits of living, playing and operating a business in Hutt City is being used by Council and also commercial agents for use in attracting new businesses to the City.

Council's Business Communication Programme included visits to businesses by the Mayor and senior staff, mayoral functions and presentations by senior Council staff to business groups. Regular updates to the real estate industry and other professional groups were made during the year. Council staff continue a regular meeting programme with businesses in the City.

Council's support of the Wellington Region Gold Awards to business continued this year, with nine Hutt-based businesses nominated winning two of the ten category awards including the Dowse Art Museum for Vibrant Gold and Dulux Paints for Green Gold. As a major sponsor, Council also welcomed the return of the Hutt City Business Awards which were well supported by the City's business community.

This year Council was recognised for the implementation of its Economic Development Strategy receiving two major awards. In September 2007 Council received the NZ Post SOLGM award for its small business and community web portal initiative Huttcity.com and in April 2008 received the Vero Excellence in Business Support Award – Local Government category.

Council completed its consultative study to determine the long term direction of Petone and will commence similar studies in the CBD and Seaview/Gracefield.

#### **4. Continued Relationship Development and Management**

Council cannot achieve all the outcomes and strategies outlined in the EDS by itself. It needs to build and maintain strong relationships with businesses and business organisations that can assist in the achievement of the EDS outcomes.

WellTec's Centre for Smart Product and through its Director of Innovative Manufacturing is taking a leading role in the development of advanced capability in the manufacturing sector in the region. Council continued its operation of TradeStart, a Trades Information Centre, working alongside Industry Training Organisations, Polytechnics, schools and businesses in the region to increase the number of people referred into apprenticeships and trades training. Further funding from Ministry of Social Development – Work & Income has been granted for a further year. Over 600 people have been referred on to ITO's and training institutes in the three years of operation with a large number commencing trades training and apprenticeships.

Grow Wellington's immigration attraction programme continued to successfully assist a number of Hutt City businesses address skill shortages over the past year.

Business Hutt Valley, a joint venture between the Hutt Valley Chamber of Commerce and CBD Plus, has developed a broader representation of the business community across the City. Its popular Business After 5 programme regularly attracts large numbers of attendees.

Council continues to assist the Jackson Street Programme ensuring it achieves its priorities for funding and operations each year.

#### **Wellington Regional Strategy (WRS)**

The Wellington Regional Strategy was developed by greater Wellington's nine local authorities in tandem with the business, education, research and voluntary sectors and Central Government. As from 1 July 2007 a regional rate was struck to fund the regional EDA, Grow Wellington, formed to implement the regional economic development initiatives in the WRS. Positively Wellington Business which undertook this role since 2000 ended operations at the same time. The governance of the strategy is the responsibility of the WRS Committee, whose members include the Mayor.

The WRS has three focus areas:

- (i) leadership and partnerships, ensuring there are the right governance and relationships in place to deliver the WRS outcomes;
- (ii) investment in growing the regional economy, especially exports, also identifying and focusing on the things the region should be doing to ensure it prospers and supports our quality of life; and
- (iii) good regional form including the physical arrangement of the urban and rural communities and how they link together, e.g. transport, roading, urban design, housing choice and density, open spaces etc.



# REPORT ON THE ENVIRONMENT

During the Hutt City Council Community Engagement Workshop that took place on 15 February 2007, attended by over 200 people, the participants identified Sustainability and Recycling and Flood Protection as their top priorities for the next 10 years. Outcomes identified in the Community Plan included:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

During the 2007/08 year, Council has addressed sustainability and its commitment to the environment through a range of projects that are described in this section.

## Sustainable Council

Over the past year, Council has undertaken a number of initiatives to strengthen its own sustainability including:

- Having its own Travel Plan approved.
- Trialling recycling at one of its own public events.
- Having environmental management systems in place towards gaining ISO 14001, which has been audited against the Enviro-Mark NZ<sup>®</sup> system, and has completed two steps along a 5 step path to achieve this.

## Communities for Climate Protection

Council has joined the Communities for Climate Protection initiative so that it has the ability to benchmark itself against other councils in the Wellington region. However, Council has no official position on climate change.

## Environmental Management Plans and E-learning

Council is working to develop further a programme that is designed to assist its contractors in reducing their risks to cause pollution and be prosecuted. This is being undertaken in collaboration with other Wellington region councils and a local educational institute using E-Learning methods to be cost effective and facilitate up-take. Using this programme, our contractors will be able to write and implement their own Environmental Management Plans. Council is in the process of incorporating the requirement for environmental management plans in its contract documents.

## Energy Management

Energy and Technical Services (ETS) is contracted to monitor Council's own energy use, providing the ability to recognise areas for improvement. The data recorded is used to identify ways in which the Council can reduce its energy consumption.

For 2007 Council facilities, including street lights, used 22,826,195kWh of gas/electricity. Council facilities' energy consumption equates to approximately 4.8 million kg of CO<sub>2</sub> into the atmosphere. A breakdown of consumption is shown in the table below:

|                     | 2007 (KWH)        | 2006 (KWH)        | % DIFFERENCE |
|---------------------|-------------------|-------------------|--------------|
| Seaview Marina      | 263,889           | 207,947           | 26.9         |
| Parks               | 588,837           | 498,206           | 18.19        |
| Dowse Museum        | 1,417,746         | 541,805           | 161.67       |
| Capacity            | 1,598,399         | 1,578,166         | 1.28         |
| Urban Plus Limited  | 2,553,415         | 2,567,739         | -0.56        |
| Roading and Traffic | 6,171,511         | 6,156,981         | 0.24         |
| Leisure Active      | 10,220,636        | 10,277,689        | -0.56        |
| <b>TOTAL</b>        | <b>22,814,433</b> | <b>21,828,533</b> | <b>4.52</b>  |

Council facilities showed a 4.52% increase in gas/electricity use compared to 2006, however most of this is a result of the re-opening of TheNewDowse. Potential to make cost savings as well as reducing Council's environmental impact is being investigated.

### **Level 1 Energy Audit**

During the 2006/07 financial year ETS carried out a Level 1 Energy Audit. This baseline audit provided an overview of energy use by Council's facilities, including street lights, and offered some direction for further investigation.

Findings from this audit suggested further investigation of a number of Council facilities including: Huia Pool, Stokes Valley Pool, Wainuiomata Pool, the Town Hall and War Memorial Library. Huia Pool's energy use has been reduced by 3.5%.

### **Level 2 Energy Audit**

Using the findings from the Level 1 Energy Audit, Montgomery Watson Harza (MWH) has undertaken a Level 2 energy management audit of the facilities identified in the Level 1 investigation. The recommendations from this audit have led to \$54,000 being invested with an expected energy saving of 800,000 kWh. A further \$80,000 may be invested depending on how successful the above energy savings are.

## **Communities Beautiful Activities**

### **Keep Hutt City Beautiful Clean Up Week 2007**

The 2007 clean up week was held from 8 to 16 September, slightly earlier than in previous years. The number of registrations was 43 comprising 24 schools and 19 groups. The estimated number of participants was 5,550 with 1,600 refuse bags distributed. The numbers were slightly down on previous years, however other groups directly registered with Keep New Zealand Beautiful, the national organisers of the event.

Usual areas of the city were covered: Petone and Eastbourne beaches, parts of the Hutt Riverbank, various parks and commercial and neighbourhood areas. A diving group recovered shopping trolleys and other debris from Petone Wharf. There were additional promotions in the War Memorial Library and at Westfield Queensgate shopping centre where the focus was the newly approved litter infringement notices.

Once again the clean up week was a success and we will be participating in the Clean Up Week in 2008.

### **Beach Clean Ups**

Each year the East Harbour Environmental Association undertakes two beach clean ups of the Pencarrow Coast – one just at the beginning of the summer season, and one at the end. Friends of Petone Beach, business and church groups and scouting/guide groups have clean ups of sections of Petone Beach. Most of the litter is plastic containers.

### **Butts-Out Promotion**

With the passage of smoke free legislation in 2003, smokers have been driven onto the streets. This resulted in a significant increase in cigarette butt litter, despite the installation of additional ashtrays. The strategy adopted was to encourage smokers to take personal responsibility for their litter and an initial trial using an ABS plastic pocket ashtray produced by an Australian based organisation called "Butts-Out" was carried out. Pocket ashtrays were given to local bank managers with an explanation of the problem because bank staff were seen to be an obvious target group. Ashtrays were also given out at Keep Hutt City Beautiful's annual promotion at Westfield Queensgate Mall, and the item proved to be extremely popular.



The 2006 Litter Amendment Act enabled Councils to adopt litter infringement notices to deal with the increased cigarette butt problem, and other forms of litter. Following the passage of the notification system, a campaign was undertaken to raise public awareness that people would be fined \$100 for dropping cigarette butts onto the ground. Leaflets and free pocket ashtrays were distributed to dairies and tobacconists in Hutt City. The shop owners were encouraged to hand out a copy of the flyer and free pocket ashtray to each person purchasing a packet of cigarettes. This proved to be a popular initiative. A total of 3,000 pocket ashtrays have been distributed.

### **Drains to Streams/Drains to Sea**

Hutt City businesses continue to install these plaques on their own premises. The Drains to Streams and Drains to Sea plaques are sold from Hutt City Council's Cashiers Office. During the 2008/09 financial year there will be a great deal more Drains to Streams plaques being affixed adjacent stormwater drains on roads in the Gracefield industrial area to raise awareness of the potential for stormwater pollution.

## Graffiti in Our City

This year Council's contractor removed 1,972 graffiti "hits" totalling 4,330 m2 of area cleared of graffiti. Of these, 1161 tags (59%) were on private property, including CBD and suburban shopping area alleyways. All tags were recorded for identification purposes. This information is used by the Police for seeking reparation through the Courts.

The number of recorded tags has increased by 224 over last year. There is a noticeable increase in tagging activity when taggers and/or the topic are featured on television or in the newspapers.

Graffiti is removed from privately owned buildings and frontages visible from the city's roads, generally within 24 hours of the property owner's permission being granted, subject to weather conditions and other factors such as the need for paint matching. We do encourage residents, when painting their properties, to retain some paint to speed graffiti removal.

Sites with a large backlog of historical graffiti require significant resources to remove tagging. These areas and also alleyways and reserve fences are treated as special projects. Our contractor has to date undertaken 46 special projects.

In terms of public support, a total of 945 blanket and 47 one-off permission forms have been received from property owners since the commencement of the free removal service. There are three volunteer groups and three committed individuals helping to remove graffiti from problem areas such as the alleyways and parks.

Most retailers are awaiting the passage of the Graffiti Bill currently before Parliament before they limit access to spray paint cans. However, the more responsible retailers are attempting to limit access to cans voluntarily. Taggers continue to find new tagging implements, using etching, felt tip pens and even shoe polish. This poses a challenge for our contractors and for the Police who may have to enforce any law covering possession of implements for tagging.

## Art 4 Change



Art 4 Change has taken some different approaches this past year. Our artist facilitator, Dan Mills, worked with Rata Street School students participating in the OSCAR programme alongside a group of Naenae youth calling themselves "So Much Better" or SMBs. They worked in collaboration to beautify and upgrade the local basketball practice court.

The second strand is to use art as a means to strengthen connections between local businesses and their community, as happened above a Naenae dentist's surgery.

## Sustainable Schools Programmes

### Enviroschools

Currently thirteen schools are actively involved in the Enviroschools programme. The Enviroschools programme is a whole school approach to environmental education and facilitates staff and students to create a sustainable school.

The Enviroschools Awards system is used to acknowledge schools' progress towards sustainability, providing a consistent benchmarking system.

The following schools have achieved Bronze level: Dyer Street School, Eastern Hutt School, Hutt Intermediate and Hutt Valley High School.

The following schools have achieved Silver level: Muritai School, Naenae School, Randwick School, St Bernadette's School (Naenae), Wa Ora Montessori School and Wainuiomata Intermediate.

The following schools have recently joined the programme: Naenae Intermediate, Wellesley College and Maranatha Christian School.

### Enviroschools Events

Each year the Enviroschools programme holds two events. One is the Awards Ceremony that is held at the end of the school year. The other is a mid-year event that alternates between regional and local. The 2007 local event was held in Eastbourne with Muritai School acting as the official host. The city's Enviroschools were invited to send a limited number of student representatives to visit Muritai School and a facility run by Stan Hunt and sponsored by the Eastbourne RSA. The students exchanged ideas and information.



The 2007 Awards event was held at Mungavin Hall in Porirua early in December 2007 and was well attended by Hutt City Enviroschools.



*St Michaels students inspecting the recycling at All Brites*

### SAM's Word on Waste – WOW Tours

Council has facilitated 28 WOW tours during this financial year involving 16 schools. Interest in this tour grows each year.

The tours start with a visit to the AllBrites recycling facility, then continue to the Silverstream landfill and end with a tour of the Earthlink 'WasteSmart' repair service and shop.

Feedback from schools has been positive and Council will continue making this tour available to schools during the 2008/09 year.

### Hutt Valley Green Coalition

Hutt Valley secondary school green club teachers are meeting together on occasion with Council staff to share knowledge, experiences, resources and ideas on supporting sustainability within their own schools.

### Sustainable Business Programmes

#### EnviroSmart

EnviroSmart is a national programme which builds on the BusinessCare programme Council has run over the past few years. The EnviroSmart programme focuses on improving the environmental performance of businesses. The EnviroSmart@ programme asks each participating business to commit to achieving within a 2 year timeframe all the EnviroSmart objectives:

1. to implement a resource efficiency programme
2. to implement environmental procurement policies for suppliers and contractors
3. to adhere to relevant environmental accords, best practice, codes of practice
4. to achieve Enviro-Mark®NZ Level 3 Gold certification.

Eight Hutt City businesses remain fully committed to this two year stepped programme leading towards ISO14000 certification:

Booker Spalding – Gold

Formway Furniture – Gold

Macaulay Metals – Bronze

Label & Litho – Silver, shortly to be audited for Gold

Resene Paints – Silver

Excell Corporation – Bronze, shortly to be audited for Silver

Spicers Paper – Bronze, shortly to be audited for Silver

Calvert Plastics – Bronze, shortly to be audited for Silver

In the 2008/09 financial year five Hutt City businesses have committed to join a yet to be named enhanced version of this programme that will include monitoring CO2 emissions.

## Get Sustainable Challenge

The Get Sustainable Challenge is promoted annually by the Sustainable Business Network (SBN) and sponsored by Council. Businesses joining the Challenge are assessed by an SBN facilitator who undertakes a 90 minute assessment with a representative (or group of people) from the business. The assessment covers eight areas from environmental and social responsibility through to the economic sustainability of the business: energy, waste, transport, paper and office supplies, valuing your people, healthy workplace, community engagement, and values and culture. Participants receive a full report with recommendations on how they can improve.

Council was pleased that a local company, Dulux Paints, won not only in the Trailblazer Sustainable Business Award (Large/Corporate) category, but also won the Central Region's 2007 Sustainable Business of the Year Award.



*The Mayor with the regional sustainable business of the year, Dulux*

## Hazardous Waste Collection

### Household Hazardous Waste Collection

On 18 and 19 August 2007 Hutt City Council and Upper Hutt City Council jointly undertook Household Hazardous Waste collections. The collections were undertaken to provide residents with an environmentally acceptable way of disposing of their household hazardous wastes. This year the collection of E-waste was also undertaken. The number of Hutt City residents participating in the collection increased this year with 679 households attending. The total weight of waste collected this year increased with 10,800 kg of hazardous waste collected and 20,000 kg of E-waste collected.



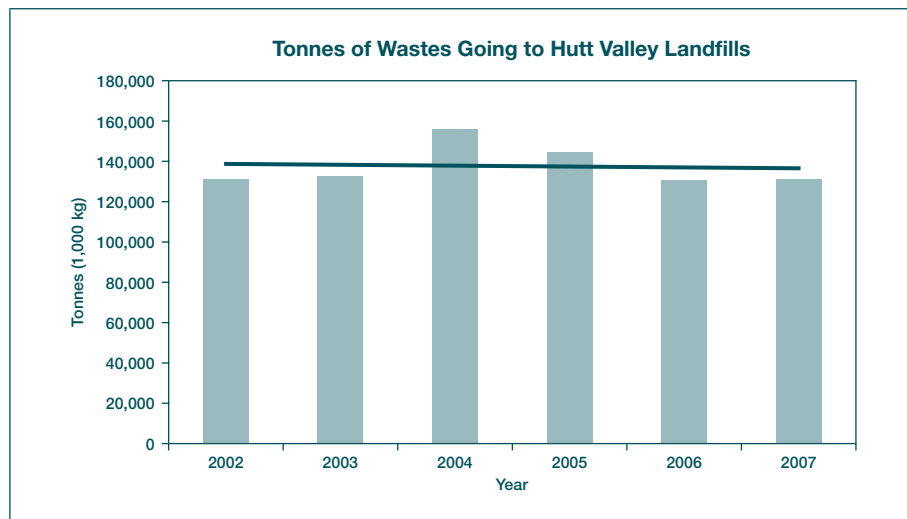
*Hazardous Waste Collection 2007*

### Fluorescent Bulb Collection

Twenty retailers initially joined Council's trial to encourage businesses that sell compact and commercial fluorescent light bulbs to recycle the bulbs and tubes. Council provided the first collection box free of charge to the trial participants. Currently, only wholesale electrical outlets are continuing with this collection programme. However, the general public can purchase new bulbs from these wholesalers and return the spent bulbs for recycling. Details of these outlets are available on Council's website or you can contact our Call Centre.

## Solid Waste

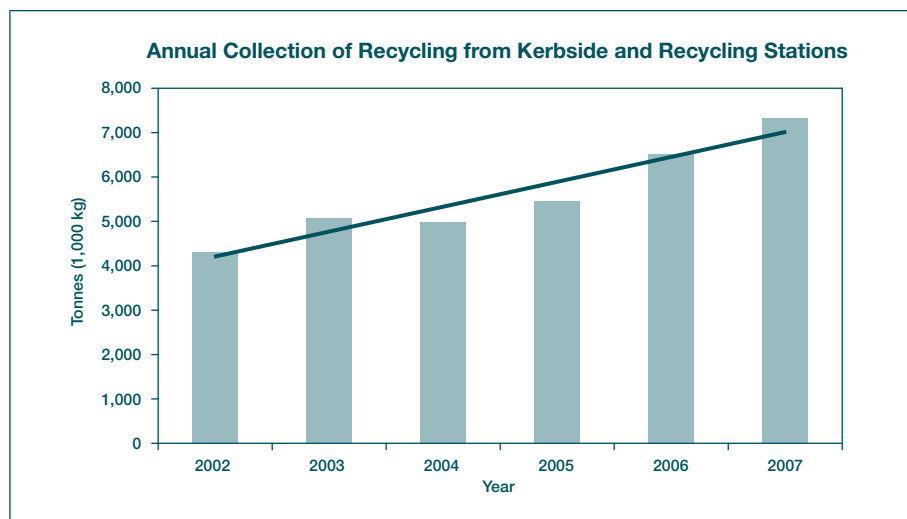
Council continues to work towards the targets outlined in the Hutt Valley Waste Management Plan.



The graph above shows a total of 131,282 tonnes of waste was deposited into Hutt City Council landfills during 2007. This is a 0.4% (559 tonnes) increase in the amount of disposed waste compared to the previous year.

## Recycling

All Hutt City residents have access to recycling services, both through the residential kerbside collection and the community recycling stations located throughout the City. Hutt City residents recycled more during the past year than in any previous year. A survey conducted in January 2008 showed that 74% of households use the kerbside recycling collection service with 51% of households putting their recycling bin out in any one week.



A total of 7,318 tonnes of recyclables was collected from kerbside and recycling stations this year. This is an increase of 11% (805 tonnes) compared to last year. The volume of recyclables collected at kerbside and recycling centres has steadily increased since 1998. Recycling helps reduce the demand for new materials and diverts materials from being deposited in a landfill.

## Earthlink and WasteSmart

Over the 2007 year Earthlink has removed and repaired/reused/recycled 326 tonnes of material taken from the landfills.

At the WasteSmart store preloved treasures that have been restored and repaired by skilled Earthlink staff can be purchased. Reusable items can be left for WasteSmart at the Silverstream landfill recycling area, or residents can contact Earthlink to arrange a collection.

The public can visit WasteSmart at 24 Goodshed Road, Upper Hutt. WasteSmart – Smart for the Environment and Smart for your budget.



## Wastewater

The private drains policy which was implemented in the Waiwhetu catchment has entered its third year. This is intended to reduce the wastewater overflows into the Waiwhetu Stream from groundwater which has entered into private sewer drains through cracks and breaks.

Council has now completed testing over 2,300 residential properties in three separate areas around the Waiwhetu catchment area. Although the results for the final 900 properties will not be available until the end of July we know that 790 of the properties in the first two areas have failed the testing process. This process of testing was used to indicate how watertight the property's sewers were.

This represents that approximately 60% of properties have not passed the water tightness test. Cardno TCB who have undertaken the testing work for Council have reported that residents have been very cooperative during the testing phases and generally see the benefits of such work in contribution to the welfare of their environment.

In conjunction with this joint approach with Waiwhetu residents, Council has continued with renewal work in the area replacing leaking or broken public sewer drains. In the past 24 months 3.5 kilometres of public drains have been replaced in the area to augment the work undertaken on the private drains.

## Stormwater

A trial project on decontaminating the Waiwhetu Stream was successfully carried out earlier this year on a section of the streambed just below the Bell Road Bridge. This trial opens the way for a larger project starting next summer to decontaminate the streambed further downstream.

Other major stormwater activities during the year included:

- Stage 3 of the Black Creek (Wainuiomata) upgrade project, involving the replacement of the Best Street footbridge to widen the creek at this point;
- Manuka/Zeala Grove (Stokes Valley) improvements;
- improvement of the retention capabilities of the Mulberry Street (Maungaraki) stormwater retention dam;
- installation of a new stormwater main in Jackson Street, Petone, undertaken in conjunction with pavement renewal work and water and wastewater service upgrading; and
- construction of the Gracefield Stormwater Pumping Station to discharge water into Waiwhetu Stream, construction of a stormwater delivery main in Hutt Park Road to convey water to the pumping station, and the construction of backflow preventors.

## Roading

Work continued on the sub-standard road upgrading programme with the completion of the lower portion of Hill Road in Belmont. A safe pedestrian link has now been provided between the Belmont Hills and Belmont School enabling a 'walking school bus' to be set up in the area.

It is one year since work started on the SH2 Dowse to Petone Upgrade project (D2P) and excellent progress has been made with many major milestones already reached.

Within the past twelve months the D2P team have made significant progress on all seven of the project's new bridges. This is particularly evident at the Dowse Interchange with most of the bridge spans in position. The first (of nine throughout the project) Mechanically Stabilised Earth (MSE) wall which forms the ramp from the 'East' bridge of the Interchange to Hutt Road is complete and work to form the new Hutt Road roundabout will commence shortly.

The recent temporary state highway shifts at Korokoro have allowed piling work to commence for the cemetery retaining wall and new Korokoro overbridge where a further MSE wall is under construction to form the ramp to this bridge. Work is also well under way for the Petone Park and Ride road bridge and the Petone footbridge will be completed by the end of August 2008 .

The first permanent shift for state highway traffic will be marked by north bound motorists travelling on the new SH2 pavement under the Dowse Interchange by late August 2008.

The D2P project remains on target for its scheduled completion in early 2010 with the new Dowse Interchange expected to be open early in 2009.

## Emergency Management

In February 2007 both Hutt City Council and Upper Hutt City Council signed an agreement for the provision of Civil Defence Emergency Management Services and Rural Fire Services. The combined unit, known as the Hutt Valley Emergency Management Office, is based at the Pavilion, Laings Road, Lower Hutt and is now fully staffed for delivery of both Emergency Management and Rural Fire for both local authorities. A further Emergency Operation Centre has been upgraded in Upper Hutt. A range of enhanced packages has been delivered to Civil Defence Centres. Communication networks that include satellite communications to use 'business as usual' tools during any network failure have also been added. Two units, one portable, have been extensively tested both during exercises and during a Police operation for a missing tramp in the Rimutaka Forest Park.

The Emergency Management Preparedness pilot (known as Readynet) for Hutt City was such a success that the Council has purchased the programme for its community. That has been extended into Upper Hutt. The aim is to have all schools, early child care, age care, and neighbourhood support groups signed onto the system that provides both a preparedness guide and an electronic warning system.

## Toxic Algae Monitoring

Council's Environmental Health Officers carried out regular monitoring of the Hutt and Wainuiomata Rivers for the presence of toxic algae during the summer months. Exceptionally dry summer weather conditions and warm water temperatures resulted in widespread growth of toxic algae mats in the post Christmas period.

Information on toxic algae about the dangers of exercising dogs and swimming in local waterways was provided on Council's website and in local media.

Council received reports of two incidents involving the deaths of dogs that had been exercised in the Hutt River.

No reports were received by Council regarding any adverse health effects from the public using local rivers for recreational purposes.

## Noise

An increase in the number of neighbourhood noise complaints dealt with by Council's contracted security company was recorded during the year. The increased level of complaints from residents was attributed to the long, fine summer weather conditions and people holding outdoor barbeques etc.

Environmental Health Officers have also dealt with complaints of noise emissions from external spa pool pumping equipment, heat pumps and air conditioning equipment installed in residential properties.

Several complaints have also been received during the year regarding noise from amplified equipment at licensed premises, and night time monitoring of emissions has taken place to determine whether Council's District Plan noise limits have been exceeded and to seek appropriate remedial action by management where necessary.

## Coastal Erosion and Dune Restoration

The new Days Bay beach wall was constructed north of the wharf. Council and the local community opted for a landscaped beach edging to protect the road. Re-establishment of dunes here is not feasible unless the road is moved landward.

Planting of pingao and spinifex into the eroded foredune at Windy Point was successful and will continue with the help of local volunteers.



This year the Ministry for the Environment funded the establishment of the Eastbourne – Petone Community Coast Care project. Community meetings were held in November and June to seek feedback and prepare a community action plan to improve beach care and assist dune restoration. Dunes are natural buffers against sea level rise and erosion from storms. Volunteers spend hundreds of hours planting and caring for sand binding native plants at several sites along our coastline, plus many uncounted hours collecting litter.

Two years of effort at the Petone Wharf dunes has made a wonderful visual difference. A scientific trial of backdune species is also underway here.

## **Biodiversity**

Mainland biodiversity in Hutt City increased with the successful breeding of kiwi introduced to Rimutaka Forest Park, and the introduction of North Island robins into East Harbour Regional Park. Both of these projects wouldn't be possible without a huge volunteer effort and commitment.

The spread of existing species from breeding grounds to urban reserves continued. A family of whiteheads was reported this year in Naenae, and NZ falcon on the valley floor.

Northern Rata was discovered naturally regenerating in young kamahi stands. Seedling wharangi appeared again where possum control had been in place for two years.

There were fewer slips on reserve land this year but the natural regeneration has been notable. Planting of native species at Ferry Road pines sites continued.

## **Pest Control**

Council continued to control pest plants such as Old Man's Beard and Banana Passionfruit on both public and private land. Greater Wellington Regional Council acknowledged the success of this programme after submissions to the review of the Regional Pest Management Strategy. These pests will be required to be removed only in the Hutt City area. Banana Passionfruit is spread by blackbirds so this is an important protection for our bush reserves that has been retained.

Council joined with Department of Conservation and Greater Wellington Regional Council to control Marram grass which is invasive along the Pencarrow Coast Road. This project is ongoing.

Ongoing control of Prickly Moses (acacia) and snakefeather in Hayward Scenic Reserve at Waiwhetu were part of a pest management plan being provided by Greater Wellington Regional Council for this valuable Key Native Ecosystem.

Possum and rodent control was expanded from Korokoro Valley to most of the western hills.

## **Inventories**

A survey of specimen (individual) trees on urban reserves was completed to enable effective ongoing management.

The list of 105 Protected Trees in the District Plan was reviewed. Suggested additions either failed to meet the criteria or landowners resisted, so the list remains unchanged.

A register of remnant Nikau palms on the urban valley floor was started. Council contributes to the maintenance of these special trees.

Council gave \$3,000 to the monitoring of Dutch Elm disease in Auckland. Investing in this prevention programme is designed to prevent the arrival of the disease here. One third of all Hutt City houses have a street tree, with facility to increase this ratio in treeless suburbs.

More of Council's walking tracks were recorded to enable review and some targeted upgrading. Accessibility to the natural environment is important but has to be balanced with effects that would alter that environment. The Wainuiomata mountain bike facility is being developed with this in mind.

Reserves bylaws were also reviewed. In particular attention should be drawn to the fire and vehicle prohibitions which also apply to Hutt City's beaches.

## Baywatch Results for the 2007/08 Season

The results from sampling of beaches in the Hutt area during the 2007/08 year have generally been within the limits as described in the Recreational Water Quality Guidelines for Marine and Freshwater Recreational Areas.

Weekly samples were collected during the summer months from 1 November 2007 to 31 March 2008. Sampling was carried out monthly in September and October 2007 and from April to June 2008. Twenty-six routine sampling runs were carried out from August 2007 to June 2008 with 380 routine samples taken.

Five out of 380 routine samples exceeded the 140 enterococci per 100mL level. A further 27 samples exceeded the 280 enterococci per 100mL level. This corresponds to 8.4% of routine samples exceeding the limits over the past year.

All sites returning high results were re-sampled in accordance with the protocol and returned results within the acceptable levels.

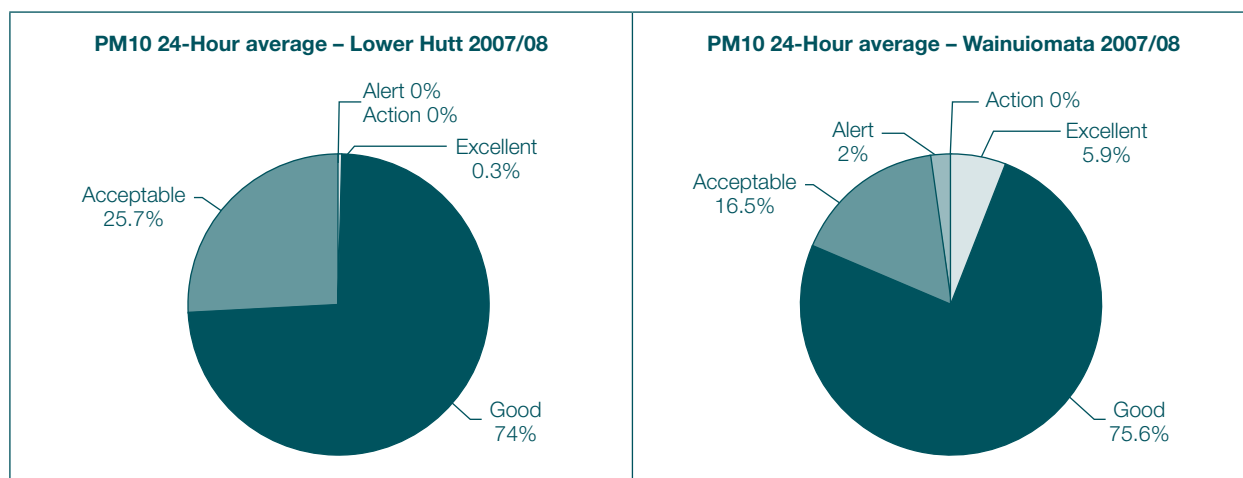
Percentage of routine samples exceeding limits over past 5 years:

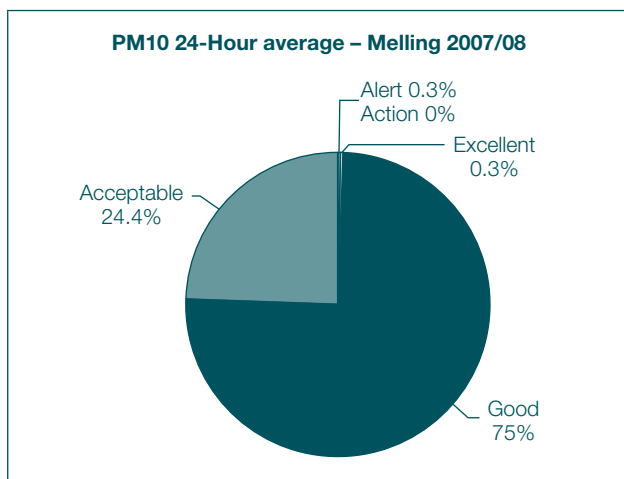
| YEAR    | % OF SAMPLES EXCEEDING LIMITS |
|---------|-------------------------------|
| 2007/08 | 8.4                           |
| 2006/07 | 5.4                           |
| 2005/06 | 4.1                           |
| 2004/05 | 3.9                           |
| 2003/04 | 12.6                          |
| 2002/03 | 2.6                           |
| 2001/02 | 1.6                           |

There were three dates during the 2007/08 year where results from several sites were above the 140 and 280 enterococci per 100mL level. Significant rainfall events occurred during the 24 hour period prior to each of these dates and this was the most probable cause for several sites to exceed enterococci limits. Samples taken on the next fine day (in accordance with procedures introduced in 2003) returned results that were within acceptable levels for recreational bathing. Stormwater run-off following rainfall is known to lead to elevated levels of enterococci in coastal water for up to 48 hours after the rainfall event.

## Air Quality

Greater Wellington Regional Council monitors air quality in the city at three sites. One is situated in Birch Lane (referred to as Lower Hutt) another is in Wainuiomata and the third site is at Melling. Results of air quality monitoring for particulate matter (PM10) are printed below.





## Pollution Incidents

Hutt City Council has in the past year signed a Resource Management Act section 15 enforcement delegation with Greater Wellington Regional Council which gives Hutt City Council the power to issue infringement and abatement notices in relation to pollution events within Hutt City.

There have been a large number of collaborative responses to pollution incidents with additional assistance given by Hutt City Council to enforcement actions undertaken by Greater Wellington. A number of these incidents have provided opportunities for gaining familiarity with Greater Wellington's systems and significance assessment procedures. Shortly the delegated powers will be more fully utilised to facilitate stormwater quality improvements in the Gracefield area in the lead up to the Waiwhetu Stream remediation project being undertaken early in 2009.

## Macroinvertebrate Data

The Macroinvertebrate Index (MCI) was developed in New Zealand and is widely used to measure water quality. The MCI is measured annually as most invertebrates have annual life cycles. The results of the MCI reflect the quality of the water over a number of months, as invertebrates must survive in the waterway for their entire life cycle. MCI scores are expected to decrease as sampling sites move downstream due to differences in stream habitats (i.e. warmer water, less shading). MCI results are affected by factors such as the quality of the river/stream habitat (i.e., flow and substrate). A lower MCI value in one year compared with the year before may not reflect a significant change in water quality but rather a physical habitat change such as alteration of the flow regime due to gravel extraction or channel re-alignment etc.

Greater Wellington Regional Council has two sampling sites on the Wainuiomata River, one on the Orongorongo River near the river mouth, and three on the Hutt River near Manor Park, Melling and Boulcott. The following results were recorded in 2007.

| LOCATION                          | MCI    | QMCI | % EPT | TAXA RICHNESS |
|-----------------------------------|--------|------|-------|---------------|
| Hutt River at Te Marua            | 141.77 | 7.80 | 90.45 | 20            |
| Hutt River at Manor Park          | 104.11 | 4.32 | 34.36 | 23            |
| Hutt River at Boulcott            | 98.93  | 4.28 | 35.09 | 16            |
| Wainuiomata River at Manuka Track | 131.62 | 7.39 | 77.16 | 33            |
| Wainuiomata River at White Bridge | 96.74  | 4.31 | 47.05 | 26            |
| Orongorongo River                 | 97.15  | 3.94 | 14.87 | 16            |

Greater Wellington Regional Council will be reporting on the results of sampling in their 2008 freshwater quality monitoring report.



## REPORT ON FINANCIAL POLICIES

Council's Community Plan contains financial and other policies required by the Local Government Act 2002. While not a requirement of the legislation, Council considers it important to report its performance against the financial policies contained in the Community Plan.

### Development and Financial Contributions Policy Report

#### Background

The Development and Financial Contributions Policy describes what financial contributions Council will require from developers when their property developments impose increased demand on Council services. Council has previously chosen to rely on the financial contributions specified in chapter 12 of the District Plan. The new policy came into effect as from 1 July 2006.

#### Summary of financial contributions

Council received \$0.853 million in reserve and development contributions from developers during the year.

### Liability Management Policy Report

#### Background

The Liability Management Policy states Council's policies in relation to interest rate exposure, liquidity, credit exposure, debt repayment, specific borrowing limits and the giving of security.

#### Overall Performance

Council monitors compliance with the liability management policy on a monthly basis. There was 100% compliance with Policy limits during 2007/08.

Full details of the Council's debt, its maturity dates and interest costs are disclosed in note 21 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt are disclosed in note 27 of the Financial Statements.

#### Borrowing Limits

The table below shows the limits on borrowing contained in the Council's Liability Management Policy and the actual position at 30 June 2008.

| RATIO                                   | ACTUAL 30 JUNE 2008 | POLICY LIMIT                |
|---|---------------------|-----------------------------|
| Net debt to equity                      | 8%                  | Below 20%                   |
| Net debt to income                      | 71%                 | Below 150%                  |
| Net interest to income                  | 5%                  | Below 10%                   |
| Net interest to rates income            | 8%                  | Below 15%                   |
| Liquidity                               | 100%                | Above 100%                  |
| Net debt                                | \$81.055 million    | Below \$100 million         |
| Net debt per capita                     | \$830               | Below \$1,000               |
| <b>Debt Refinancing Risk Spread</b>     |                     |                             |
| 0 to 3 years                            | 33%                 | 10% - 60%                   |
| 3 to 5 years                            | 42%                 | 20% - 60%                   |
| 5 years plus                            | 25%                 | 10% - 60%                   |
| <b>Fixed Rate Debt Maturity Profile</b> |                     |                             |
| Overall fixed proportion                | 58%                 | 55% - 95%                   |
| 1 to 3 years                            | 48%                 | 20% - 50%                   |
| 3 to 5 years                            | 21%                 | 20% - 50%                   |
| 5 to 10 years                           | 31%                 | 15% - 50%                   |
| Total financial guarantees              | \$0.49 million      | Not more than \$1.2 million |
| Largest single financial guarantee      | \$0.3 million       | Not more than \$0.3 million |

## Investment Policy Report

### Background

The Investment Policy states Council's objectives in relation to financial and equity investments, and policies in relation to investment mix, acquisition, risk assessment, management, and reporting.

### Overall Performance

Council is a net borrower, and as such has minimised the amount of investments held to those necessary to meet specific business objectives. No breaches of the Investment Policy were reported during the 2007/08 financial year.

### Investment Limits

The Investment Policy does not contain specific financial limits against investment classes, but does refer to the following counterparty credit limits.

| COUNTERPARTY                         | MINIMUM CREDIT RATING | ACTUAL 30 JUNE 2008 | POLICY LIMIT   |
|--------------------------------------|-----------------------|---------------------|----------------|
| NZ Government                        | A-                    | Nil                 | Unlimited      |
| State Owned Enterprises              | A-                    | Nil                 | \$5.0 million  |
| NZ Registered Banks:                 |                       |                     |                |
| WestpacTrust                         | A-                    | \$4.30 million      | \$15.0 million |
| ANZ National                         | A-                    | \$2.09 million      | \$15.0 million |
| Bank of New Zealand                  | A-                    | \$6.21 million      | \$15.0 million |
| Corporate Bonds                      | A-                    | Nil                 | \$2.0 million  |
| Local Authority Bond Trust           |                       | Nil                 | \$2.0 million  |
| Local Government Finance Corporation |                       | Nil                 | \$2.0 million  |
| Local Government Stock – rated       | A-                    | Nil                 | \$2.0 million  |
| Local Government Stock – unrated     |                       | Nil                 | \$0.5 million  |

*Credit risk on interest rate risk management instruments is estimated by the following formula: Credit risk = notional value x years to maturity x 4.0%.*

## Rates Remission and Postponement Policies Report

### Background

Council has adopted policies in relation to the remission and postponement of rates. There are a number of circumstances in which applications are considered.

Circumstances include where the ratepayer is a sporting or community organisation, a church, a school, a kindergarten or play centre, or a hospital, provided the property is used for the benefit of the community and not for profit. Remissions are also granted on privately owned land protected for conservation purposes, or to businesses for economic development reasons, i.e. to encourage new businesses, increase the investment of existing businesses and to promote employment.

No postponements were allowed in the 2007/08 year. A summary of remissions allowed is shown in note 2 of the Financial Statements.

## Revenue and Financing Policy Report

### Background

The Revenue and Financing Policy contains Council's policies in respect of funding operating and capital expenditure from available sources. It is an important policy as it determines who pays for Council's activities.

## Summary of cost allocations

The summary shows each Council activity and the proportion of costs that Council's Revenue and Financing Policy determines should be funded by various private and public funding sources. Private funding sources are generally user pays, whereas public funding comes from general rates.

The summary compares these policy funding proportions against actual funding sources for 2007/08, with explanations for variances over 5%.

### Revenue and Financing Policy: Summary of Cost Allocations

| ACTIVITY                     | REVENUE AND FINANCING POLICY INDICATIVE ALLOCATION OF COSTS |                     |               |               |                       |                           |          |         |       |                      | ACTUAL 2007/2008 PRIVATE FUNDING % |         |          |
|------------------------------|---|---------------------|---------------|---------------|-----------------------|---------------------------|----------|---------|-------|----------------------|------------------------------------|---------|----------|
|                              | PRIVATE FUNDING PERCENTAGE                                  |                     |               |               |                       | PUBLIC FUNDING PERCENTAGE |          |         |       |                      | Total Public Funding               | Private | Variance |
|                              | User Charges  | Operating Subsidies | Other Revenue | Targeted Rate | Total Private Funding | Residential               | Business | Utility | Rural | Total Public Funding |                                    |         |          |
| 1. Libraries                 | 7   | -                   | -             | -             | 7                     | 74                        | 15       | 3       | 1     | 93                   | 6                                  | (1)     |          |
| 2. Museums                   | 5   | -                   | 15            | -             | 20                    | 52                        | 25       | 2       | 1     | 80                   | 41                                 | 21*     |          |
| 3. Aquatics and Recreation   | 30  | -                   | 5             | -             | 35                    | 52                        | 10       | 2       | 1     | 65                   | 37                                 | 2       |          |
| 4. Parks and Reserves        | 10  | -                   | -             | -             | 10                    | 71                        | 16       | 3       | -     | 90                   | 9                                  | (1)     |          |
| 5. Community Support         | 1   | -                   | 7             | -             | 8                     | 73                        | 15       | 3       | 1     | 92                   | 8                                  | -       |          |
| 6. Property                  | 61  | -                   | -             | -             | 61                    | 31                        | 6        | 1       | 1     | 39                   | 51                                 | (10)*   |          |
| 7. Roading and Traffic       | 15  | 15                  | -             | -             | 30                    | 17                        | 44       | 9       | -     | 70                   | 31                                 | 1*      |          |
| 8. Water Supply              | 18  | -                   | -             | 82            | 100                   | -                         | -        | -       | -     | -                    | 100                                | -       |          |
| 9. Wastewater                | 4   | 14                  | -             | 82            | 100                   | -                         | -        | -       | -     | -                    | 100                                | -       |          |
| 10. Stormwater               | -   | -                   | -             | -             | -                     | 58                        | 40       | 2       | -     | 100                  | -                                  | -       |          |
| 11. Solid Waste              | 140   | -                   | -             | -             | 140                   | (32)                      | (6)      | (1)     | (1)   | (40)                 | 140                                | -       |          |
| 12. Environmental Management | 53  | -                   | -             | -             | 53                    | 7                         | 40       | -       | -     | 47                   | 52                                 | (1)     |          |
| 13. Emergency Management     | -   | 7                   | -             | -             | 7                     | 74                        | 15       | 3       | 1     | 93                   | 7                                  | -       |          |
| 14. Local Urban Design       | -   | -                   | -             | -             | -                     | 9                         | 90       | 1       | -     | 100                  | -                                  | -       |          |
| 15. Economic Development     | -   | -                   | -             | -             | -                     | -                         | 92       | 8       | -     | 100                  | 24                                 | 24*     |          |
| 16. Elected Members          | -   | -                   | -             | -             | -                     | 79                        | 16       | 3       | 2     | 100                  | -                                  | -       |          |
| 17. Advice and Support       | -   | -                   | -             | -             | -                     | 79                        | 16       | 3       | 2     | 100                  | -                                  | -       |          |

\* Explanations of significant variances in private funding percentages.



## Museums

The private funding target was exceeded due to grants and donations being greater than anticipated.

## Property

The private funding target was not achieved. Public funding is greater than the target partly due to increased depreciation charges.

## Economic Development

The private funding target was exceeded by 24% as a result of external funding being obtained to support events, and incorporating the revenue and expenditure of the Visitor Information Centre in this activity.

## Funding Impact Statement Report

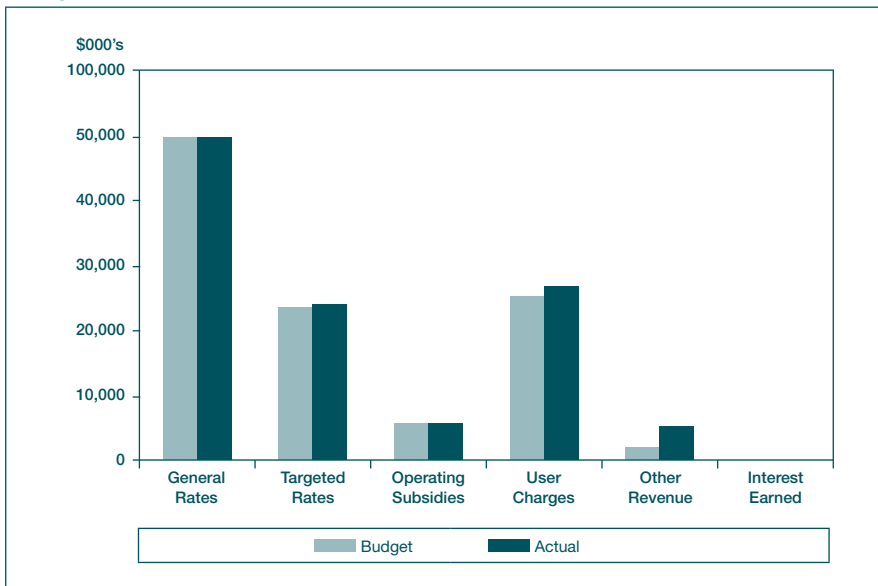
### Background

The Funding Impact Statement describes the funding mechanisms the Council intends using each year to achieve the funding proportions indicated by the Revenue and Financing Policy. Among other things, this Statement explains in detail how rates are to be calculated.

### Specific Targets

The following graph shows the proportion of funding forecast from each mechanism in the Funding Impact Statement and the actual funding received in 2007/08.

Comparison of Forecast to Actual 2007/08 Revenue





# FINANCIAL STATEMENTS

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# REPORT OF THE AUDITOR-GENERAL

## AUDIT REPORT

### TO THE READERS OF HUTT CITY COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Hutt City Council (the City Council) and group. The Auditor General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2008, including the financial statements.

#### Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 85 to 133:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2008; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 44 to 82 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 22 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

#### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit, a staff member from Audit New Zealand was appointed to the position of General Manager, Business Services in October 2007, and a second staff member from Audit New Zealand was appointed to the position of Manager, Accounting Services in February 2008. As required by the above independence requirements, appropriate safeguards have been taken to address any threats to independence from these appointments.

Other than the audit and these appointments we have no relationship with or interests in the City Council or any of its subsidiaries.



**John O'Connell**  
**AUDIT NEW ZEALAND**

On behalf of the Auditor-General  
Wellington, New Zealand



# FINANCIAL OVERVIEW

## Introduction

Council has achieved good financial results this year, with a reported surplus of \$5.7 million against a budget of \$2.2 million.

At least ten years of producing budget surpluses and focusing on debt repayment has put Council in a strong financial position. As a result, Council has increased investment in areas of community concern, such as stormwater protection.

Council's Financial Strategy has continued to guide decisions made during the financial year. As a result, Council has consistently delivered rate increases that are among the lowest in the country. Council is determined to maintain its record of prudent financial management and ensure residents and ratepayers in the City receive excellent value.

## Financial Performance

Council operating revenue was \$4.8 million above budget. Approximately \$1.8 million of this is attributable to unexpected vested assets from developments in Stokes Valley. The balance is largely due to increased revenue from environmental management activities, additional government subsidies and a one off grant received from the Dowse Foundation. Income from rates was also above budget due to various amendments to property values in the City.

Council total operating expenditure of \$109 million is 1.3% greater than budget. This is predominantly attributable to additional finance costs, depreciation and employee costs. The additional finance costs are largely attributable to higher than expected interest rates. The additional employee costs are associated with both market pressures as well as additional staff. Where additional staff have been employed the additional costs have been largely off-set by additional and associated revenues.

The Council's financial position remains strong with liabilities representing only 10% of total assets. Net debt at 30 June 2008 is \$81.055 million, which was better than budget.

## What it cost to run the City

The following table shows the cost per resident for Council activities. It highlights that the majority of Council expenditure is on essential infrastructure and community facilities. In the future, Council expenditure is expected to be even more heavily directed towards infrastructure, particularly in the area of stormwater protection.

### Costs to run the City

| GROUP OF ACTIVITIES   | NET COST PER RESIDENT |
|---|-----------------------|
| People (libraries, museums, pools, recreation, parks, community support and property) | \$246                 |
| Utility Services (roads, water, waste, emergency)                                     | \$354                 |
| Environment   | \$38                  |
| Economy and Urban Design  | \$26                  |
| Organisation (including cost of democracy)  | \$58                  |

**Matt Reid**

**GENERAL MANAGER BUSINESS SERVICES**

## SIGNIFICANT ACTIVITY SUMMARY

|                          | (DEFICIT)/SURPLUS BEFORE TAX    |                                      |                                 | Rate Requirement<br>Per Resident*<br>Actual<br>30 June 2008<br>\$ | Achievement vs<br>Performance<br>Measures<br>Actual<br>30 June 2008 |
|--------------------------|---------------------------------|--------------------------------------|---------------------------------|---|---|
|                          | Actual<br>30 June 2008<br>\$000 | Annual Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |   |   |
| Libraries                | (6,456)                         | (6,143)                              | (5,850)                         | 66.1  | ✓✓  |
| Museums                  | (1,726)                         | (2,027)                              | (1,165)                         | 17.7  | ✓✓✓   |
| Aquatics and Recreation  | (3,881)                         | (4,051)                              | (3,382)                         | 39.7  | ✓✓✓   |
| Parks and Reserves       | (7,461)                         | (8,307)                              | (7,689)                         | 76.4  | ✓✓✓   |
| Community Support        | (2,074)                         | (2,211)                              | (2,088)                         | 21.2  | ✓✓✓   |
| Property                 | (2,126)                         | (2,267)                              | (2,286)                         | 21.8  | ✓✓  |
| Roading and Traffic      | (10,642)                        | (11,289)                             | (10,129)                        | 108.9   | ✓✓  |
| Water Supply             | (9,867)                         | (10,087)                             | (9,428)                         | 101.0   | ✓✓✓   |
| Wastewater               | (13,351)                        | (13,974)                             | (13,629)                        | 136.7   | ✓✓✓   |
| Stormwater               | (5,255)                         | (5,517)                              | (5,312)                         | 53.8  | ✓✓  |
| Solid Waste              | 4,854                           | 4,707                                | 3,460                           | (49.7)  | ✓✓✓   |
| Environmental Management | (3,726)                         | (3,843)                              | (2,539)                         | 38.1  | ✓✓  |
| Emergency Management     | (656)                           | (672)                                | (640)                           | 6.7   | ✓✓  |
| Local Urban Design       | (1,081)                         | (1,031)                              | (775)                           | 11.1  | ✓✓  |
| Economic Development     | (1,504)                         | (1,483)                              | (2,183)                         | 15.4  | ✓✓  |
| Elected Members          | (1,505)                         | (1,693)                              | (1,743)                         | 15.4  | ✓✓✓   |
| Advice and Support       | (3,597)                         | (3,639)                              | (3,703)                         | 36.8  | ✓✓  |
| Managing Services        | 75,791                          | 75,720                               | 72,942                          | N/A   | ✓✓  |

The (deficit)/surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2007/2008 Community Plan and the previous year.

The rate requirement per resident shows the average cost to each individual in the city for the listed Council activities. A negative value in this column indicates that the activity produced a net financial benefit to each individual.

### KEY FOR PERFORMANCE MEASURES

- ✓✓✓ All performance measures have been achieved
- ✓✓ Most performance measures have been achieved
- ✓ Some performance measures have been achieved
- ✗ No performance measures have been achieved

\* Based on the NZ Census 2006



# GROUP PEOPLE

## Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future social and cultural well-being:

- A city that is safe
- Affordable access to community facilities that include arts, cultural and recreational options
- Encouragement of arts, cultural and sports activities including local, national and international events
- Everyone has a quality standard of affordable housing
- A built environment that is attractive, safe and healthy
- A more attractive Hutt City
- Development of the uniqueness of Hutt City including its history and culture
- More and better focus on the harbour, river and recreation opportunities
- A city that is friendly and welcoming where people experience a sense of belonging
- Encouraging community involvement and engagement with civic life
- More celebrations of tangata whenua and multi-culturalism in the city
- Migrants are well adapted to New Zealand way of living
- Everyone has access to a wide range of excellent education services
- Everyone has affordable access to services that improve health
- There is a seamless integration of health services
- Residents have a high standard of living.

## Significant Activity

|                            |    |
|----------------------------|----|
| 1. Libraries               | 46 |
| 2. Museums                 | 48 |
| 3. Aquatics and Recreation | 50 |
| 4. Parks and Reserves      | 52 |
| 5. Community Support       | 54 |
| 6. Property                | 56 |

# ACTIVITY 1: LIBRARIES

## What we do

Council provides, maintains and manages one central and seven community libraries in Hutt City. These are run as a single city-wide service. Their primary role is to provide written and recorded media, such as books, videos, DVDs and access to electronic information. This material is used for many purposes including entertainment, learning and research.

## Why we do it

Council's provision of services and facilities in the form of libraries means that all citizens have access to information, knowledge, and learning opportunities. The services and facilities are a collective resource that is greater than any individual or family could afford or accommodate. Libraries support community education, literacy and recreation.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION   |
|---|--|---|
| Resident satisfaction with library services:<br>Equal to or above peer average                                | <b>2008: Achieved 98%</b><br><b>Peer Council average 97%</b><br><br>2007: Not Achieved – 97%<br>Peer Council average 98%       | NRB Communitrak Survey  |
| Number of physical visits per annum:<br>1,158,000 (new measure from 2007/08)                                  | <b>2008: Not Achieved – 1,042,825</b>  | Monthly Management Reports  |
| Number of virtual visits per annum:<br>650,000 (includes website and online<br>catalogue visitors)            | <b>2008: Not Achieved – online catalogue<br/>transactions 83,647: website visits<br/>426,921</b><br><br>2007: Achieved 683,320 | Monthly Management Reports<br><br>Note: The target of 650,000 was based<br>on a previous level of achievement that<br>included online catalogue page views of<br>over 337,510. The implementation of the<br>new Library Management System in July<br>2007 has meant staff are now only able to<br>measure online transactions, not the total<br>of online visits. |
| Available library items per capita: 3   | <b>2008: Achieved 3.01<br/>(national mean 3.04)</b><br><br>2007: Not Achieved – 2.98<br>(national mean 3.01)                   | NZ Public Library Statistics (LIANZA)   |
| Books issued per capita: Equal to or<br>above the national mean (NZ Metropolitan<br>Library Comparative Data) | <b>2008: Achieved 17.11<br/>(national mean 12.57)</b><br><br>2007: Achieved 17.44<br>(national mean 11.99)                     | NZ Public Library Statistics (LIANZA)   |
| Percentage of residents who have used<br>library services during the year: 80%                                | <b>2008: Not Achieved – 78%</b><br><br>2007: Achieved 81%  | NRB Communitrak Survey  |
| Library stock turnover – Equal to or above<br>the national mean (NZ Metropolitan Library<br>Comparative Data) | <b>2008: Achieved 5.69<br/>(national mean 4.3)</b><br><br>2007: Achieved 5.85<br>(national mean 3.82)                          | NZ Public Library Statistics (LIANZA)   |



## LIBRARIES – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 438                             | 491                           | 446                             |
| Other Revenue                   | –                               | –                             | –                               |
| <b>Total Revenue</b>            | <b>438</b>                      | <b>491</b>                    | <b>446</b>                      |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 3,375                           | 3,028                         | 2,792                           |
| Support Costs                   | 2,109                           | 2,108                         | 2,006                           |
| Operating Costs                 | 674                             | 666                           | 771                             |
| Interest                        | 49                              | 49                            | 46                              |
| Depreciation                    | 687                             | 783                           | 681                             |
| <b>Total Expenditure</b>        | <b>6,894</b>                    | <b>6,634</b>                  | <b>6,296</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(6,456)</b>                  | <b>(6,143)</b>                | <b>(5,850)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>51</b>                       | <b>1,036</b>                  | <b>815</b>                      |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

## ACTIVITY 2: MUSEUMS

### What we do

Council operates two museums. TheNewDowse collects and displays fine art as well as decorative and applied arts, and celebrates a wide range of creative activities from music to design and film. The Petone Settlers Museum specialises in the social history of the lower Hutt Valley and Petone. These institutions are open to the public at no charge, other than for special exhibitions.

### Why we do it

Council's provision of museums means that people have access to arts and cultural facilities that enrich, inspire and offer a range of lifelong learning opportunities. The museums act as a focal point for the community, enhance cultural life and diversity, and promote public pride and community values.

### How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION      |
|---|--|----------------------------|
| Resident satisfaction with Hutt City museums: Equal to or above peer average  | <b>2008: Achieved 93% for TheNewDowse and 95% for Petone Settlers Museum</b><br><b>Peer Council average 93%</b><br>2007: Not Achieved – 91% for TheNewDowse and 89% for Petone Settlers Museum<br>Peer Council Average 92% | NRB Communitrak Survey     |
| Number of visits per annum: 120,000 (baseline & increasing)   | <b>2008: Achieved – 271,801</b><br>2007: Not Achieved – 107,799 across both museums  | Monthly Management Reports |
| Percentage of households visiting Petone Settlers Museum in the last 12 months: 30%                                 | <b>2008: Achieved 31%</b><br>2007: Not measured  | NRB Communitrak Survey     |
| Percentage of residents who agree there is a level of cultural richness and diversity in the city (perception): 60% | <b>2008: Achieved 80%</b><br>2007: Not measured  | NRB Communitrak Survey     |
| Percentage of visitors who attend learning programmes or public programmes: 3.5%                                    | <b>2008: Achieved 4.87%</b><br>2007: Achieved 11%  | Monthly Management Reports |

## MUSEUMS – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 464                             | 229                           | 97                              |
| Operating Subsidies             | –                               | –                             | –                               |
| Capital (Projects) Subsidies    | –                               | –                             | 905                             |
| Other Revenue                   | 757                             | 358                           | 247                             |
| <b>Total Revenue</b>            | <b>1,221</b>                    | <b>587</b>                    | <b>1,249</b>                    |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 1,046                           | 1,074                         | 821                             |
| Support Costs                   | 472                             | 465                           | 501                             |
| Operating Costs                 | 1,014                           | 793                           | 839                             |
| Interest                        | 74                              | 74                            | 70                              |
| Depreciation                    | 341                             | 208                           | 183                             |
| <b>Total Expenditure</b>        | <b>2,947</b>                    | <b>2,614</b>                  | <b>2,414</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(1,726)</b>                  | <b>(2,027)</b>                | <b>(1,165)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>390</b>                      | <b>262</b>                    | <b>4,098</b>                    |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 3: AQUATICS AND RECREATION

## What we do

Council provides and maintains six swimming pools in Hutt City as part of its portfolio of recreational facilities. It provides quality and accessible tuition in essential water safety and life skills. Recreational programmes are community-based and designed to encourage residents to engage in a range of recreational activities.

## Why we do it

Participation in recreation, sports, fitness and cultural activities positively affects people's lives. Providing these high quality services at a low user cost makes them available to the whole community. Quality recreation services are essential to the quality of life for Hutt City citizens. Aquatics and recreational programmes also make an important contribution to creating an attractive area for people and businesses considering moving to Hutt City.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION                        |
|--|--|--|
| Resident satisfaction with pools: Equal to or above peer average | <b>2008: Achieved 95%</b><br><b>Peer Council average 88%</b><br>2007: Achieved 93%<br>Peer Council average 88% | NRB Communitrak Survey                       |
| Resident use of pools: Equal to or above peer average            | <b>2008: Achieved 67%</b><br><b>Peer Council average 61%</b><br>2007: Achieved 65%<br>Peer Council average 61% | NRB Communitrak Survey                       |
| OSCAR accreditation for holiday programmes: Maintained           | <b>2008: Achieved – Accreditation Maintained</b><br>2007: Achieved – Accreditation Maintained                  | Annual MSD Audit                             |
| POOLSAFE accreditation for swimming pools: Maintained            | <b>2008: Achieved – Accreditation Maintained</b><br>2007: Achieved – Accreditation Maintained                  | Annual ACC/Water Safety NZ Audit             |
| Average net cost per user per visit: \$3.96                      | <b>2008: Achieved \$3.84</b><br>2007: Achieved \$3.70  | Operational expenditure against user numbers |

## AQUATICS AND RECREATION – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 1,708                           | 1,601                         | 1,571                           |
| Capital (Projects) Subsidies    | 211                             | –                             | –                               |
| Other Revenue                   | 352                             | 234                           | 182                             |
| <b>Total Revenue</b>            | <b>2,271</b>                    | <b>1,835</b>                  | <b>1,753</b>                    |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 2,141                           | 2,134                         | 1,885                           |
| Support Costs                   | 638                             | 727                           | 579                             |
| Operating Costs                 | 2,642                           | 2,273                         | 1,969                           |
| Interest                        | 76                              | 76                            | 72                              |
| Depreciation                    | 655                             | 676                           | 630                             |
| <b>Total Expenditure</b>        | <b>6,152</b>                    | <b>5,886</b>                  | <b>5,135</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(3,881)</b>                  | <b>(4,051)</b>                | <b>(3,382)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>613</b>                      | <b>810</b>                    | <b>587</b>                      |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|                                    | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|------------------------------------|---------------------------------|-------------------------------|---------------------------------|
| Sports House Server & Photocopiers | 156                             | –                             | –                               |

This project was fully funded by an external subsidy as part of the fit out of the recently completed Pelorus Trust Sports House located at Hutt Park as part of the development of that site.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 4: PARKS AND RESERVES

## What we do

Council provides and maintains active and passive recreational facilities in Hutt City for the enjoyment and well-being of the public. These are largely free of charge. Recreation areas are natural and built with the majority of effort targeted at maintenance and returning areas to their natural state. "Parks and Reserves" also includes Council's cemeteries.

## Why we do it

The provision and maintenance of parks, reserves and street gardens creates a pleasant environment in which to live, work and play, which is an important part of the Vision for the city. Providing and maintaining these areas at high quality and low user cost makes them available to the whole community.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION                                  |
|--|--|--|
| Resident satisfaction with sports grounds: Equal to or above peer average  | <b>2008: Achieved 98%</b><br><b>Peer Council average 94%</b><br>2007: Achieved 98%<br>Peer Council average 94% | NRB Communitrak Survey                                 |
| Resident satisfaction with parks, reserves and gardens: Equal to or above peer average   | <b>2008: Achieved 98%</b><br><b>Peer Council average 97%</b><br>2007: Achieved 98%<br>Peer Council average 97% | NRB Communitrak Survey                                 |
| Resident satisfaction with cemeteries: Equal to or above peer average  | <b>2008: Achieved 93%</b><br><b>Peer Council average 91%</b><br>2007: Achieved 95%<br>Peer Council average 91% | NRB Communitrak Survey                                 |
| Programmes (Opex) and projects (Capex) delivered on time and to quality: 90%   | <b>2008: Achieved 90%</b><br>2007: Achieved 90%  | Monthly Management Reports                             |
| Sports fields meet the standard agreed with sports codes: 95%  | <b>2008: Achieved 98%</b><br>2007: Achieved 98%  | Sportsground audits and complaints from sporting codes |
| Area of parks and reserves per thousand of population: 24.9 hectares   | <b>2008: Achieved 54 hectares</b><br>2007: Achieved 53 hectares  | Reserves Strategy                                      |
| Percentage of households that have used or visited parks, reserves or gardens in the last 12 months: 85%   | <b>2008: Achieved 87%</b><br>2007: Achieved 89%  | NRB Communitrak Survey                                 |
| Playground safety inspections completed fortnightly in accordance with contract provisions. Playground maintenance and development delivered in accordance with contract and asset management plan requirements: 100% (new measure from 2007/08) | <b>2008: Achieved 100% – All playgrounds inspected and maintenance undertaken accordingly</b>                  | Playground Audits                                      |
| Street gardens, parks and reserves and cemeteries maintained and developed in accordance with contract and asset management plan requirements: 100% (new measure from 2007/08)   | <b>2008: Achieved 100% across all contract areas</b>   | Parks Audits   |

## PARKS AND RESERVES – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 800                             | 869                           | 782                             |
| Operating Subsidies             | 7                               | –                             | 6                               |
| Capital Contributions           | 854                             | 260                           | 553                             |
| Other Revenue                   | 8                               | 5                             | 7                               |
| <b>Total Revenue</b>            | <b>1,669</b>                    | <b>1,134</b>                  | <b>1,348</b>                    |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 636                             | 567                           | 567                             |
| Support Costs                   | 449                             | 448                           | 496                             |
| Operating Costs                 | 6,708                           | 7,102                         | 6,736                           |
| Interest                        | 596                             | 596                           | 563                             |
| Depreciation                    | 741                             | 728                           | 675                             |
| <b>Total Expenditure</b>        | <b>9,130</b>                    | <b>9,441</b>                  | <b>9,037</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(7,461)</b>                  | <b>(8,307)</b>                | <b>(7,689)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>2,855</b>                    | <b>4,364</b>                  | <b>1,551</b>                    |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|   | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---|---------------------------------|-------------------------------|---------------------------------|
| Hutt Park Development                   | 1,790                           | 1,805                         | 343                             |
| Korohiwa Redevelopment Heritage Subsidy | –                               | 500                           | –                               |
| Land Purchase Eastbourne Slip           | 703                             | –                             | –                               |

The development of additional playing surfaces and changing facilities at Hutt Park was carried out to make better use of this large area of recreational space. The project, along with new buildings funded by Pelorus Trust, has been completed. The new sports fields will be available for use in 2009.

The Korohiwa development did not proceed as planned because of delays in agreeing on the future use of this property. The budget has been carried over to next year and will be used for the upgrading of the Bus Barn.

Council agreed to the purchase of land at Eastbourne which had been affected by a major slip.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 5: COMMUNITY SUPPORT

## What we do

Council seeks to support its community through appropriately responding to community needs. This support includes facilitation, advocacy, consultation and service provision, and allocation of grants to community organisations and groups. These services are carried out through Council's Community Development Division or through private contracts. Council has increased focus on working with Government Agencies and utilising funding from externally sourced contracts to provide services to the community.

## Why we do it

Council has a policy of understanding and identifying its communities and their issues. Through greater knowledge of local needs, Council is able to suitably respond to social issues affecting the members and groups of communities it represents. The support that Council contributes assists groups to achieve their goals where it would not otherwise have been possible owing to lack of resources.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION       |
|---|--|-----------------------------|
| Customers are satisfied with the level of information and advice received from Community Development: 90%   | <b>2008: Achieved 91%</b><br>2007: Not Achieved – 78% from small sample in Communitrak Survey<br>2007: Achieved 98% from own survey  | NRB Communitrak Survey      |
| Inter-agency (e.g. Central Government) contracts are negotiated in a timely manner: 100%  | <b>2008: Achieved 100% – Four government agency contracts negotiated in a timely manner</b><br>2007: All four government agency contracts were negotiated in a timely manner   | Government Agency Contracts |
| Service specifications have been achieved to standard and within budget: As outlined in inter-agency contracts  | <b>2008: Achieved – Four government agency contract service specifications achieved to standard and within budget</b><br>2007: All four government agency service specifications were achieved to standard and within budget | Government Agency Contracts |
| Inter-agency programmes of action or strategic plans have been developed and implemented with key milestones achieved (e.g. Department of Labour – Strengthen Services and Support to New Settlers): At least 3 programmes or plans | <b>2008: Achieved – Three interagency programmes' key milestones achieved</b><br>2007: Three interagency programmes of action or strategic plans were developed and implemented with key milestones achieved                 | Government Agency Contracts |



## COMMUNITY SUPPORT – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 17                              | 20                            | 22                              |
| Operating Subsidies             | 115                             | –                             | 51                              |
| Other Revenue                   | 58                              | 170                           | 165                             |
| <b>Total Revenue</b>            | <b>190</b>                      | <b>190</b>                    | <b>238</b>                      |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 551                             | 605                           | 593                             |
| Support Costs                   | 430                             | 429                           | 448                             |
| Operating Costs                 | 1,283                           | 1,367                         | 1,285                           |
| Depreciation                    | –                               | –                             | –                               |
| <b>Total Expenditure</b>        | <b>2,264</b>                    | <b>2,401</b>                  | <b>2,326</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(2,074)</b>                  | <b>(2,211)</b>                | <b>(2,088)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>–</b>                        | <b>–</b>                      | <b>–</b>                        |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 6: PROPERTY

## What we do

Council manages a variety of properties for use by the community. The main portfolios are community and civic halls and venues, public toilets, community houses, and Council's administration building.

Progressive reviews of these facilities ensure they remain efficient and meet changing public requirements.

Council also holds a 100% shareholding in Urban Plus Limited, a Council-Controlled Trading Organisation. Urban Plus Limited owns and manages housing units primarily to provide housing for the elderly and socially disadvantaged in accordance with Council's Housing Policy.

## Why we do it

Community and civic halls and venues provide an environment for a diverse range of social, cultural and community-based activities, including clubs, indoor sports, band practice, arts and theatre. Public toilets are provided which are physically accessible, appropriately located, designed and built, and cleaned and maintained to standards that safeguard public health. Council continues to assess its property needs in terms of the properties it currently owns and occupies. This may result in upgrades of properties and sales of surplus assets from time to time.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION  |
|---|--|--|
| Tenant satisfaction with Council accommodation: 90%   | <b>2008: Achieved 93%</b><br>2007: Not formally measured<br>2006: Achieved 92%   | Internal Survey February 2008  |
| Resident satisfaction with public halls: Greater than or equal to peer average  | <b>2008: Achieved 95%</b><br><b>Peer Council average 91%</b><br>2007: Achieved 94%<br>Peer Council average 91%             | NRB Communitrak Survey   |
| Resident satisfaction with public toilets: Greater than or equal to peer average  | <b>2008: Not Achieved – 69%</b><br><b>Peer Council average 77%</b><br>2007: Not Achieved – 58%<br>Peer Council average 76% | NRB Communitrak Survey<br>Note: Council allocated \$400,000 in 2007/08 and each of the following three financial years to upgrade public toilets given the poor satisfaction ratings in this City compared to peer average |
| Council satisfaction with public building management: 90% (new measure from 2007/08)  | <b>2008: Not Achieved - 86%</b>  | Rock Research Survey April/May 2008  |
| Occupancy rate of rental housing: 90%   | <b>2008: Achieved 97%</b><br>2007: Achieved 94%  | Monthly Management Reports   |
| Percentage of housing units occupied by elderly and socially disadvantaged (in accordance with Council Policy and as specified in the Statement of Intent): 85% | <b>2008: Achieved 89%</b><br>2007: Achieved 85%  | Internal Records<br>Note: The 90% figure specified in the Community Plan is incorrect as this should reflect the requirements of the Statement of Intent   |
| Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90% (new measure from 2007/08)   | <b>2008: Not Achieved – 77%</b>  | Monthly Management Reports   |

## PROPERTY – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | 894                             | 734                           | 1,776                           |
| Other Revenue                   | 284                             | –                             | (2)                             |
| <b>Total Revenue</b>            | <b>1,178</b>                    | <b>734</b>                    | <b>1,774</b>                    |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 34                              | –                             | 208                             |
| Support Costs                   | (1,164)                         | (1,328)                       | (1,184)                         |
| Operating Costs                 | 2,689                           | 2,727                         | 2,990                           |
| Interest                        | 358                             | 358                           | 338                             |
| Depreciation                    | 1,387                           | 1,244                         | 1,708                           |
| <b>Total Expenditure</b>        | <b>3,304</b>                    | <b>3,001</b>                  | <b>4,060</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(2,126)</b>                  | <b>(2,267)</b>                | <b>(2,286)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>153</b>                      | <b>1,423</b>                  | <b>1,123</b>                    |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|  | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|--|---------------------------------|-------------------------------|---------------------------------|
| Days Bay Beach Public Toilets Improvements (\$200,000 carried over to 2008/09) | –                               | 234                           | –                               |
| Toilets Upgrade (\$346,000 carried over to 2008/09)                            | 34                              | 400                           | –                               |

Both these projects relate to Council's commitment to the general upgrading of public toilets. The upgrade of the Days Bay toilets has been delayed due to the presence of asbestos. The upgrade of other toilets has been delayed due to the need to carry out more public consultation. The unspent budgets have been carried over to 2008/09 so that these projects can be completed.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# GROUP UTILITY SERVICES

## Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City:

- Effective and efficient public transport that results in increased use of public transport
- Enhanced roading systems particularly State Highway 2, Cross Valley Link, State Highway 1 and Hutt CBD
- Continual upgrade and provision for growth to make Hutt City interesting and attractive to people
- More investment in sustainable transportation solutions – public transport, car pools, bicycle lanes
- Affordable access to community facilities that include arts, cultural and recreational options
- A diverse natural environment that is accessible, enjoyable and safe
- Everyone has a quality standard of affordable housing
- Roothing, water and waste (including recycling) work and are accessible to all
- Maintenance and continual upgrade of services to allow for security and growth.

## Significant Activity

|                         |    |
|-------------------------|----|
| 7. Roothing and Traffic | 59 |
| 8. Water Supply         | 61 |
| 9. Wastewater           | 63 |
| 10. Stormwater          | 65 |
| 11. Solid Waste         | 67 |

# ACTIVITY 7: ROADING AND TRAFFIC

## What we do

This activity includes the professional and technical work involved in providing ongoing management of the city's roading network. It also provides for improvement and day-to-day operation and maintenance of footpaths, road pavement/reconstruction/upgrades, traffic signals, signs, street lighting, parking services, bridge maintenance and various road safety activities. These initiatives are supported through policy development, forward planning, road safety co-ordination, and various quality and safety management systems.

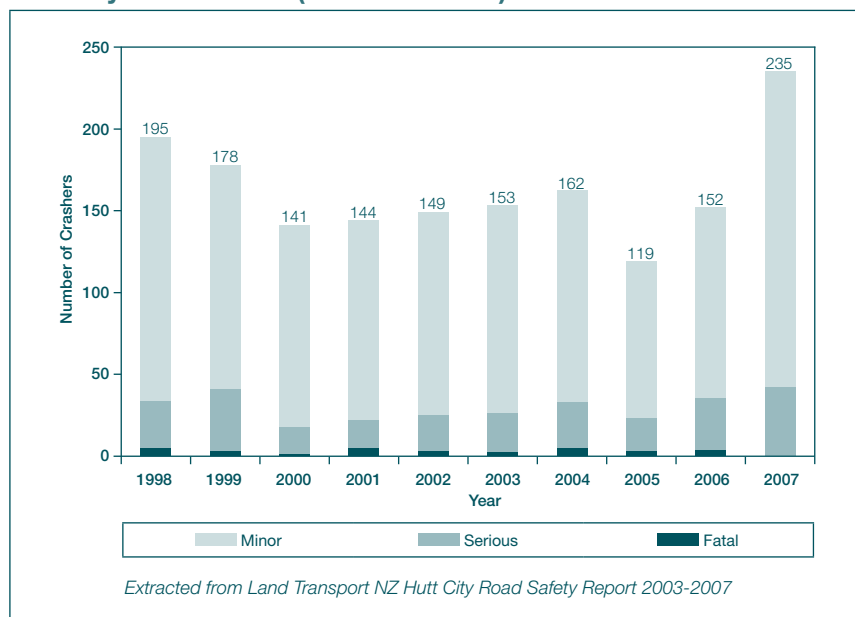
## Why we do it

Public ownership of the road corridor ensures appropriate property access and freedom of travel throughout the area for all citizens. Sealed roads, footpaths and street lights are provided for the efficient and safe travel of motor vehicles, bicycles and pedestrians.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION      |
|---|--|----------------------------|
| Resident satisfaction with street lighting: Equal to or above peer average  | <b>2008: Achieved 90%</b><br><b>Peer Council average 89%</b><br>2007: Not Achieved – 87%<br>Peer Council average 89%             | NRB Communitrak Survey     |
| Resident satisfaction with road and gutters being free of litter: Equal to or above peer average                                  | <b>2008: Achieved 89%</b><br><b>Peer Council average 76%</b><br>2007: Achieved 86%<br>Peer Council average 76%                   | NRB Communitrak Survey     |
| Resident satisfaction with traffic control: Equal to or above peer average  | <b>2008: Achieved 87%</b><br><b>No peer Council average available</b><br>2007: Achieved 82%<br>No peer Council average available | NRB Communitrak Survey     |
| Resident satisfaction with footpaths: Equal to or above peer average  | <b>2008: Achieved 81%</b><br><b>Peer Council average 79%</b><br>2007: Achieved 81%<br>Peer Council average 79%                   | NRB Communitrak Survey     |
| Resident satisfaction with roads: Equal to or above peer average  | <b>2008: Achieved 80%</b><br><b>Peer Council average 80%</b><br>2007: Not Achieved – 74%<br>Peer Council average 80%             | NRB Communitrak Survey     |
| Resident satisfaction with parking in and around Hutt City: Equal to or above peer average  | <b>2008: Achieved 80%</b><br><b>Peer Council average 61%</b><br>2007: Achieved 71%<br>Peer Council average 61%                   | NRB Communitrak Survey     |
| Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%  | <b>2008: Achieved 96%</b><br>2007: Achieved 90%  | Monthly Management Reports |
| Percentage of residents satisfied with the safety and convenience of movement around city streets: Equal to or above peer average | <b>2008: Achieved 87%</b><br><b>No peer Council average available</b><br>2007: Achieved 82%<br>No peer Council average available | NRB Communitrak Survey     |
| Road Condition Index (measures – cracking, flushing, potholes and ravelling – chip surfaced): Hold or improve rating              | <b>2008: Achieved 2.7</b><br>2007: Achieved 2.7  | Data from LTNZ             |
| Smooth Travel Exposure – (nationally accepted measure of road roughness): Hold or improve rating                                  | <b>2008: Achieved 76%</b><br>2007: Achieved 75%  | Data from LTNZ             |
| Accident trend: Reducing trend over 10 years  | <b>2008: Not Achieved (see graph)</b><br>2007: Achieved  | Data from LTNZ             |

## Number of injury crashes Hutt City – local roads (urban and rural)



| ROADING AND TRAFFIC – INCOME STATEMENT |                                 |                               |                                 |
|--|---------------------------------|-------------------------------|---------------------------------|
| For the year ended 30 June 2008        | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
| <b>REVENUE</b>                         |                                 |                               |                                 |
| User Charges                           | 2,977                           | 3,200                         | 2,726                           |
| Operating Subsidies                    | 3,113                           | 3,001                         | 3,380                           |
| Capital (Projects) Subsidies           | 3,554                           | 3,074                         | 3,749                           |
| Capital Contributions                  | 802                             | 190                           | 345                             |
| Other Revenue                          | 541                             | 540                           | 539                             |
| <b>Total Revenue</b>                   | <b>10,987</b>                   | <b>10,005</b>                 | <b>10,739</b>                   |
| <b>EXPENDITURE</b>                     |                                 |                               |                                 |
| Employee Costs                         | 1,005                           | 1,010                         | 930                             |
| Support Costs                          | 1,873                           | 1,873                         | 1,895                           |
| Operating Costs                        | 9,751                           | 9,667                         | 9,519                           |
| Interest                               | 1,891                           | 1,891                         | 1,788                           |
| Depreciation                           | 7,109                           | 6,853                         | 6,736                           |
| <b>Total Expenditure</b>               | <b>21,629</b>                   | <b>21,294</b>                 | <b>20,868</b>                   |
| <b>DEFICIT BEFORE TAX</b>              | <b>(10,642)</b>                 | <b>(11,289)</b>               | <b>(10,129)</b>                 |
| <b>CAPITAL EXPENDITURE</b>             | <b>255</b>                      | <b>7,882</b>                  | <b>9,169</b>                    |

## Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|                         | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|-------------------------|---------------------------------|-------------------------------|---------------------------------|
| State Highway 2 Upgrade | 255                             | 50                            | 68                              |

The overspend on this project resulted from additional costs including resource consent fees relating to the Korokoro footbridge.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 8: WATER SUPPLY

## What we do

We provide a sustainable and high quality water supply to the community for domestic and commercial use. Council purchases bulk water from Greater Wellington Regional Council, which it distributes to the community through the city's water supply system. Council monitors water quality and plans for the future water supply needs of the city including maintenance and upgrades to assets to maintain required service levels.

## Why we do it

The supply of high quality, affordable water contributes to:

- The health of the community
- Community safety through the fire-fighting capability of the water supply system
- Industrial and residential development.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION   |
|--|--|---|
| Resident satisfaction with water supply: Equal to or above peer average  | <b>2008: Achieved 96%</b><br><b>Peer Council average 94%</b><br>2007: Achieved 97%<br>Peer Council average 94%   | NRB Communitrak Survey  |
| Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%   | <b>2008: Achieved 100%</b><br>2007: Achieved 100%  | Management Reports  |
| Drinking water: Full compliance with NZ Drinking Water Standards   | <b>2008: Achieved 100%</b><br>2007: Achieved 100%  | Potable Water Testing Contract Reports  |
| Water supply reliability: Fewer than 4 unplanned supply cuts per 1,000 connections   | <b>2008: Achieved fewer than 1.48 unplanned supply cuts per 1,000 connections</b><br>2007: Achieved fewer than 0.2 unplanned supply cuts per 1,000 connections | Operations and Maintenance Contract Monthly Report<br>This measure is to be reviewed for the 2009/2019 LTCCP                          |
| Water supply quality: To maintain a 'B' grading from the Ministry of Health for the Hutt City water supply distribution (B means satisfactory, low level of risk. Most of Hutt City water supply is unchlorinated. Chlorination of the water supply would be required to achieve an 'A' grading) | <b>2008: Achieved 'B' Grading</b><br>2007: Achieved 'B' Grading  | MoH – Register of Community Drinking Water Suppliers 2007 Edition   |
| Responsiveness to water supply disruptions: 96% of requests responded to within 1 hour of notification   | <b>2008: Achieved 99%</b><br>2007: Achieved 99%  | Operations and Maintenance Contract Monthly Report  |
| Maintain the average un-metered water consumption in Hutt City: Less than 350 litres per head per day  | <b>2008: Achieved less than 336 litres</b><br>2007: Achieved less than 325 litres  | Management Report – sourced from the Metered Water Consumption Data Report and Greater Wellington Regional Council Consumption Report |

| <b>WATER SUPPLY – INCOME STATEMENT</b> |  |  |  |
|--|--|--|--|
| <b>For the year ended 30 June 2008</b> | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
| <b>REVENUE</b>                         |  |  |  |
| User Charges                           | 2,173                                    | 2,355                                  | 2,219                                    |
| Operating Subsidies                    | –  | –                                      | (28)                                     |
| Capital Contributions                  | 288                                      | 48                                     | 172                                      |
| <b>Total Revenue</b>                   | <b>2,461</b>                             | <b>2,403</b>                           | <b>2,363</b>                             |
| <b>EXPENDITURE</b>                     |  |  |  |
| Employee Costs                         | 8  | 8                                      | 7  |
| Support Costs                          | 297                                      | 296                                    | 300                                      |
| Operating Costs                        | 8,803                                    | 8,975                                  | 8,350                                    |
| Interest                               | 653                                      | 653                                    | 617                                      |
| Depreciation                           | 2,567                                    | 2,558                                  | 2,517                                    |
| <b>Total Expenditure</b>               | <b>12,328</b>                            | <b>12,490</b>                          | <b>11,791</b>                            |
| <b>DEFICIT BEFORE TAX</b>              | <b>(9,867)</b>                           | <b>(10,087)</b>                        | <b>(9,428)</b>                           |
| <b>CAPITAL EXPENDITURE</b>             | <b>70</b>                                | <b>2,080</b>                           | <b>2,623</b>                             |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|                                | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
|--------------------------------|--|--|--|
| Jackson St Main/Rider/Services | 893                                      | 550                                    | 282                                      |
| SH2 Hutt Rd Main/Services      | 650                                      | 400                                    | –  |

The Jackson Street Mains project was to be completed in 2008/09 but it was agreed to carry out all the work in 2007/08 as there were savings in doing all the work in the one year.

The SH2 Mains project was overspent because of site difficulties encountered during the project.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# ACTIVITY 9: WASTEWATER

## What we do

Council provides a piping network which takes household and commercial effluent to the Seaview treatment plant which treats the effluent to meet public health and environmental standards. The Seaview treatment plant has been operating since November 2001 and has resulted in a significant improvement to the environment. Council undertakes maintenance and upgrades to assets to maintain required service levels.

## Why we do it

Through collecting, treating and disposing of wastewater, Council provides a service to residents and businesses, which supports development in the city, and protects the physical environment and the health of the community.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION  |
|--|--|--|
| Resident satisfaction with sewage system: Equal to or above peer average   | <b>2008: Achieved 97%</b><br><b>Peer Council average 94%</b><br>2007: Achieved 96%<br>Peer Council average 94% | NRB Communitrak Survey   |
| Programmes (Opex) and Projects (Capex) delivered on time to quality: 90%   | <b>2008: Achieved 100% (including approved carry-overs)</b><br>2007: Achieved 94%                              | Management Reports   |
| Comply with resource consent conditions: 100%  | <b>2008: Achieved 100%</b><br>2007: Achieved 100%  | Compliance reports from Greater Wellington   |
| Wastewater system reliability: Fewer than 1.8 wastewater reticulation incident reports per km of pipeline            | <b>2008: Achieved 1.01 incidents</b><br>2007: Achieved 0.7 incidents   | Operations and Maintenance Contract Monthly Report<br>This measure is to be reviewed for the 2009/2019 LTCCP |
| Responsiveness to blockages or overflows: The contractor is on-site within one hour of notification, 96% of the time | <b>2008: Achieved 99%</b><br>2007: Achieved 99%  | Operations and Maintenance Contract Monthly Report   |

| <b>WASTEWATER – INCOME STATEMENT</b>   |  |  |  |
|--|--|--|--|
| <b>For the year ended 30 June 2008</b> | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
| <b>REVENUE</b>                         |  |  |  |
| User Charges                           | 714                                      | 739                                    | 773                                      |
| Operating Subsidies                    | 11                                       | –                                      | (20)                                     |
| Capital (Projects) Subsidies           | –  | 120                                    | –  |
| Capital Contributions                  | 328                                      | 195                                    | 196                                      |
| Other Revenue                          | –  | –                                      | 16                                       |
| Operating Subsidy Upper Hutt           | 1,873                                    | 2,212                                  | 1,897                                    |
| <b>Total Revenue</b>                   | <b>2,926</b>                             | <b>3,266</b>                           | <b>2,862</b>                             |
| <b>EXPENDITURE</b>                     |  |  |  |
| Employee Costs                         | 11                                       | 11                                     | 10                                       |
| Support Costs                          | 670                                      | 797                                    | 807                                      |
| Operating Costs                        | 8,742                                    | 9,342                                  | 8,875                                    |
| Interest                               | 1,221                                    | 1,221                                  | 1,154                                    |
| Depreciation                           | 5,633                                    | 5,869                                  | 5,645                                    |
| <b>Total Expenditure</b>               | <b>16,277</b>                            | <b>17,240</b>                          | <b>16,491</b>                            |
| <b>DEFICIT BEFORE TAX</b>              | <b>(13,351)</b>                          | <b>(13,974)</b>                        | <b>(13,629)</b>                          |
| <b>CAPITAL EXPENDITURE</b>             | <b>2,753</b>                             | <b>6,531</b>                           | <b>3,382</b>                             |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|   | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
|---|--|--|--|
| Te Marua PS Rising Main c/o                     | 1  | 235                                    | –  |
| Trunk DBO Seaview Land Improvements             | 452                                      | –                                      | –  |
| Trunk Type B Network Development (Subsidy: 31%) | 130                                      | 655                                    | 198                                      |

The Te Marua PS Rising Main project which was to be managed by Transit will now not proceed.

Trunk DBO Seaview Land Improvements which were unbudgeted were carried out because of income of about \$180,000 per year that will be received from the rental of this land.

Work has continued on the Ava-Barber Grove pipeline project. The pipeline has been laid but work is still to be carried out on completing the pump station modifications which are due to be completed in 2008/09.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 10: STORMWATER

## What we do

Council provides a stormwater drainage system to manage surface water run-off from urban catchments. Council's objective is to achieve an optimum balance between the level of protection and the cost to the community. In doing this Council undertakes maintenance and upgrade to assets to maintain required service levels.

## Why we do it

Hutt City has most of its development concentrated on flat valley plains where there is potential for flooding. The effective control of stormwater is necessary to protect the health and safety of the community and to minimise property damage. The most efficient means of achieving this is through a comprehensive stormwater system.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION  |
|---|--|--|
| Resident satisfaction with stormwater drainage: Equal to or above peer average  | <b>2008: Not Achieved – 86%<br/>Peer Council average 89%</b><br>2007: Not Achieved – 80%<br>Peer Council average 89% | NRB Communitrak Survey<br>There has been a significant improvement over the past three years from 59% in 2005 to 86% in 2008 |
| Programmes (Opex) and Projects (Capex) delivered on time to quality: 90%  | <b>2008: Achieved 100% (including approved carry-overs)</b><br>2007: Achieved  | Management Report  |
| Reticulation incidents per km of public stormwater drains: Less than one  | <b>2008: Achieved 0.075 incidents</b><br>2007: Achieved 0.12 incidents   | Operations and Maintenance Contract Monthly Report   |
| Watercourse water quality at main recreational beaches: Median water quality over daylight saving period complies with Recreational Water Quality Standards | <b>2008: Achieved Recreational Water Quality Standards</b><br>2007: Achieved Recreational Water Quality Standards    | Management Report – sourced from Environmental Laboratory Services Limited Monitoring Contract                               |
| Responsiveness to blockages in the stormwater pipe: The contractor shall be on-site within one hour of notification, 96% of the time                        | <b>2008: Achieved 98%</b><br>2007: Achieved 99%  | Operations and Maintenance Contract Monthly Report   |

| <b>STORMWATER – INCOME STATEMENT</b>   |  |  |  |
|--|--|--|--|
| <b>For the year ended 30 June 2008</b> | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
| <b>REVENUE</b>                         |  |  |  |
| User Charges                           | 3  | –                                      | 3  |
| Operating Subsidies                    | –  | 7                                      | (211)                                    |
| Capital Contributions                  | 418                                      | 101                                    | 297                                      |
| Other Revenue                          | 7  | –                                      | 9  |
| <b>Total Revenue</b>                   | <b>428</b>                               | <b>108</b>                             | <b>98</b>                                |
| <b>EXPENDITURE</b>                     |  |  |  |
| Employee Costs                         | 14                                       | 14                                     | 11                                       |
| Support Costs                          | 341                                      | 341                                    | 325                                      |
| Operating Costs                        | 2,451                                    | 2,413                                  | 2,347                                    |
| Interest                               | 731                                      | 731                                    | 691                                      |
| Depreciation                           | 2,146                                    | 2,126                                  | 2,036                                    |
| <b>Total Expenditure</b>               | <b>5,683</b>                             | <b>5,625</b>                           | <b>5,410</b>                             |
| <b>DEFICIT BEFORE TAX</b>              | <b>(5,255)</b>                           | <b>(5,517)</b>                         | <b>(5,312)</b>                           |
| <b>CAPITAL EXPENDITURE</b>             | <b>21</b>                                | <b>4,902</b>                           | <b>4,673</b>                             |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|   | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
|---|--|--|--|
| Black Creek Stage 3                       | 692                                      | 395                                    | 896                                      |
| Gracefield Pump Station                   | 1,036                                    | 780                                    | 1,549                                    |
| Opahu Stream Pumping Station Construction | –  | –                                      | 1,006                                    |

Black Creek Stage 3 is the continuation of a programme of works designed to improve levels of flood protection in Wainuiomata. Work is complete with higher than expected cost relating to the Best Street footbridge replacement.

The Gracefield pump station is complete, but difficulties in finding a suitable site, and in obtaining Resource Consent for the projected, and higher than expected tender price, have resulted in an overspend on this project.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 11: SOLID WASTE

## What we do

Council manages contracts for the collection of the city's refuse and recycling. It also owns and operates two landfills to provide for the disposal of residual waste. Work being undertaken on Silverstream Stage Two is to provide for maintenance of current service levels when the area currently being used at Silverstream is full.

## Why we do it

Solid waste management is necessary for the health and quality of life of the community, the local economy and the environment. Council wishes to promote recycling and waste reduction, and to provide for the disposal of the city's solid waste.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION                      |
|---|--|--|
| Resident satisfaction with recycling: Equal to or above peer average          | <b>2008: Achieved 91%</b><br><b>Peer Council average 91%</b><br>2007: Not Achieved – 86%<br>Peer Council average 91% | NRB Communitrak Survey                     |
| Resident satisfaction with rubbish collection: Equal to or above peer average | <b>2008: Achieved 94%</b><br><b>Peer Council average 88%</b><br>2007: Achieved 93%<br>Peer Council average 89%       | NRB Communitrak Survey                     |
| Resident satisfaction with refuse disposal: Equal to or above peer average    | <b>2008: Achieved 92%</b><br><b>Peer Council average 82%</b><br>2007: Achieved 87%<br>Peer Council average 83%       | NRB Communitrak Survey                     |
| Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%  | <b>2008: Achieved 100%</b><br>2007: Achieved 90%   | Monthly Management Reports                 |
| Resource consent requirements: Full compliance with requirements              | <b>2008: Achieved 100%</b><br>2007: Achieved 100%  | Compliance reports from Greater Wellington |

| <b>SOLID WASTE – INCOME STATEMENT</b>  |  |  |  |
|--|--|--|--|
| <b>For the year ended 30 June 2008</b> | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
| <b>REVENUE</b>                         |  |  |  |
| User Charges                           | 10,917                                   | 10,638                                 | 9,024                                    |
| Other Revenue                          | –  | –                                      | (31)                                     |
| <b>Total Revenue</b>                   | <b>10,917</b>                            | <b>10,638</b>                          | <b>8,993</b>                             |
| <b>EXPENDITURE</b>                     |  |  |  |
| Employee Costs                         | 68                                       | 68                                     | 56                                       |
| Support Costs                          | 140                                      | 140                                    | 148                                      |
| Operating Costs                        | 5,419                                    | 5,285                                  | 4,893                                    |
| Depreciation                           | 436                                      | 438                                    | 436                                      |
| <b>Total Expenditure</b>               | <b>6,063</b>                             | <b>5,931</b>                           | <b>5,533</b>                             |
| <b>SURPLUS BEFORE TAX</b>              | <b>4,854</b>                             | <b>4,707</b>                           | <b>3,460</b>                             |
| <b>CAPITAL EXPENDITURE</b>             | <b>2,701</b>                             | <b>2,351</b>                           | <b>4,548</b>                             |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|                                      | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
|--------------------------------------|--|--|--|
| Silverstream LF Stg 2 Design & Const | 2,700                                    | 2,031                                  | 4,534                                    |

Stage two of Silverstream landfill is well underway as part of an ongoing major project to develop the landfill and to provide a facility which will cater for the residual waste disposal needs of the city for the next 50 years. The project will be staged such that work will be ongoing for many years, with \$17m budgeted in the next ten years. As a result of programme changes identified within the current contract, approval was given for an overspend in this year's capital programme, offset by predicted cost reductions in future years.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# GROUP ENVIRONMENT

## Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future environmental well-being:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

## Significant Activity

|                              |    |
|------------------------------|----|
| 12. Environmental Management | 70 |
| 13. Emergency Management     | 72 |

# ACTIVITY 12: ENVIRONMENTAL MANAGEMENT

## What we do

Council develops, implements and monitors the District Plan, relevant by-laws and other environmental policies and plans for the sustainable development of Hutt City. Council's statutory resource management and building consent and inspection functions, environmental health and animal control are also included under this activity. Regular inspections are carried out to ensure compliance with legislative requirements, the District Plan, resource consent and building consent conditions as well as by-law requirements. Inspections of business and food premises, certification, liquor licensing, pollution control, trade waste and monitoring of beaches are also undertaken to promote and protect public health and safety in Hutt City. Noise and hazardous substances also fall under this activity.

## Why we do it

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment. There is also a legal requirement for this activity.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION      |
|--|--|----------------------------|
| Resident satisfaction with animal control: Equal to or above peer average  | <b>2008: Achieved 87%</b><br><b>Peer Council average 79%</b><br><br>2007: Achieved 82%<br>Peer Council average 79%   | NRB Communitrak Survey     |
| Resident satisfaction with inspection services (e.g. permits, licences etc): Equal to or above peer average  | <b>2008: Achieved 75%</b><br><b>Peer Council average 67%</b><br><br>2007: Achieved 78%<br>Peer Council average 67%   | NRB Communitrak Survey     |
| Resident satisfaction with requests for service: Equal to or above peer average  | <b>2008: Not Achieved – 84%</b><br><b>Peer Council average 89%</b><br><br>2007: Not Achieved – 88%<br>Peer Council average 89%   | NRB Communitrak Survey     |
| LIM's processed to comply with statutory requirements: 90% of LIM's processed within 9 working days  | <b>2008: Achieved 313 (96% within 9 days)</b><br><br>2007: Achieved 448 (92% within 9 days)  | Monthly Management Reports |
| Building consent/project information and resource consents processed to comply with the Building Code and District Plan requirements respectively: 80% of building consents processed within 18 working days   | <b>2008: Achieved 1,430 (88% within 18 days)</b><br><br>2007: Achieved 1,686 (87% within 15 working days)  | Computer Database Records  |
| Building consent/project information and resource consents processed to comply with the Building Code and District Plan requirements respectively: 80% of non-notified land use consents processed within 18 working days  | <b>2008: Not Achieved – Land Use Consents: 460 (78% within 18 days)</b><br><br>2007: Achieved – Land Use Consents: 434 (85% within 18 working days)  | Computer Database Records  |
| Plan changes and environmental policies researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory provisions: All District Plan changes processed and completed in accordance with statutory requirements | <b>2008: Achieved</b><br><b>Plan Change 8 completed in accordance with relevant statutory provisions</b><br><b>Proposed Plan Change 10 awaiting hearing</b><br><br>2007: Proposed Plan Change 8 delayed pending the outcome of High Court Appeal relating to Environment Court Declaration<br><br>Plan Change 9 completed in accordance with relevant statutory provisions | Monthly Management Reports |



| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT  | SOURCE OF INFORMATION   |
|---|---|---|
| Premises (e.g. food outlets and liquor outlets) registered or licensed within 30 days of application: 90% | <b>2008: Achieved 98%</b><br>2007: Achieved 97%                 | Computer Database Records   |
| Code of compliance certificates issued to comply with statutory requirements in the Building Act: 100%    | <b>2008: Achieved 100%</b><br>2007: Not Achieved – 98%          | Computer Database Records   |
| Building inspections under ISO 17020 Standard certified per year: 9,900 certified                         | <b>2008: Not Achieved – 8,110</b><br>2007: Not Achieved – 7,500 | Monthly Management Reports<br>Note: Council has no control over the number of inspections required  |
| Dog pound open 6 days per week except for public holidays: 100%   | <b>2008: Achieved 100%</b><br>2007: Achieved 100%               | Monthly Management Reports  |
| Dog complaints are responded to within required timeframes: 100%  | <b>2008: Achieved 100%</b><br>2007: Achieved 100%               | Computer Database Records   |
| Noise complaints are responded to within required timeframes: 100%  | <b>2008: Not Achieved – 85%</b><br>2007: Achieved 100%          | Computer Database Records<br>The compliance figure for 2006/07 was indicative only and better systems for measuring were put in place for 2007/08. The measure has been amended for 2008/09 to “85% of noise complaints responded to within 30 minutes” |

| ENVIRONMENTAL MANAGEMENT – INCOME STATEMENT |                                 |                               |                                 |
|---|---------------------------------|-------------------------------|---------------------------------|
| For the year ended 30 June 2008             | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
| <b>REVENUE</b>                              |                                 |                               |                                 |
| User Charges                                | 3,944                           | 3,344                         | 3,691                           |
| Operating Subsidies                         | 8                               | –                             | –                               |
| Other Revenue                               | 161                             | 127                           | 166                             |
| <b>Total Revenue</b>                        | <b>4,113</b>                    | <b>3,471</b>                  | <b>3,857</b>                    |
| <b>EXPENDITURE</b>                          |                                 |                               |                                 |
| Employee Costs                              | 4,412                           | 3,987                         | 3,654                           |
| Support Costs                               | 1,463                           | 1,459                         | 1,126                           |
| Operating Costs                             | 1,960                           | 1,864                         | 1,612                           |
| Depreciation                                | 4                               | 4                             | 4                               |
| <b>Total Expenditure</b>                    | <b>7,839</b>                    | <b>7,314</b>                  | <b>6,396</b>                    |
| <b>DEFICIT BEFORE TAX</b>                   | <b>(3,726)</b>                  | <b>(3,843)</b>                | <b>(2,539)</b>                  |
| <b>CAPITAL EXPENDITURE</b>                  | <b>–</b>                        | <b>–</b>                      | <b>–</b>                        |

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 13: EMERGENCY MANAGEMENT

## What we do

Council develops, implements and monitors city-wide emergency management plans, and promotes community preparedness for emergencies. Under the 2002 Civil Defence Emergency Management Act, Council must work co-operatively with other authorities in the region to plan for and respond to hazards, risks and emergencies. Council also has plans in place for dealing with and preventing rural fires. Council maintains the in-house capacity to co-ordinate responses to civil defence and rural fire emergencies.

## Why we do it

This activity is fundamental to achieving city-wide preparedness for emergencies. There is also a legal requirement for this activity under the Forest and Rural Fires Act and the Civil Defence Emergency Management Act. The Hutt City Council works under the auspices of Reduce, Readiness, Response and Recovery.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION                            |
|---|--|--|
| Percentage of households that are prepared for a Civil Defence emergency: 60%   | <b>2008: Not Achieved – 56%</b><br>2007: Not Achieved – 56%  | NRB Communitrak Survey                           |
| Emergencies are responded to in accordance with the Wellington Region Civil Defence Emergency Management Group Plan and the Civil Defence Emergency Management Act 2002: 100% | <b>2008: Achieved 100% (3 activations for flooding events)</b><br>2007: Achieved 100%                                  | Management Reports and Debrief Notes             |
| Rural fires are responded to in accordance with the Hutt City Rural Fire Plan and the Forest and Rural Fires Act 1977 and the Forest and Rural Fires Regulations 2005: 100%   | <b>2008: Achieved 100% (11 fires attended, one claim on National Rural Fire Authority Fund)</b><br>2007: Achieved 100% | Wellington Regional Rural Fire Committee Records |

| EMERGENCY MANAGEMENT – INCOME STATEMENT |                                 |                               |                                 |
|---|---------------------------------|-------------------------------|---------------------------------|
| For the year ended 30 June 2008         | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
| <b>REVENUE</b>                          |                                 |                               |                                 |
| User Charges                            | –                               | –                             | –                               |
| Operating Subsidies                     | 40                              | 52                            | 39                              |
| Other Revenue                           | 11                              | –                             | 13                              |
| Operating Subsidy Upper Hutt            | 295                             | 295                           | 119                             |
| <b>Total Revenue</b>                    | <b>346</b>                      | <b>347</b>                    | <b>171</b>                      |
| <b>EXPENDITURE</b>                      |                                 |                               |                                 |
| Employee Costs                          | 359                             | 416                           | 250                             |
| Support Costs                           | 269                             | 269                           | 225                             |
| Operating Costs                         | 351                             | 313                           | 315                             |
| Depreciation                            | 23                              | 21                            | 21                              |
| <b>Total Expenditure</b>                | <b>1,002</b>                    | <b>1,019</b>                  | <b>811</b>                      |
| <b>DEFICIT BEFORE TAX</b>               | <b>(656)</b>                    | <b>(672)</b>                  | <b>(640)</b>                    |
| <b>CAPITAL EXPENDITURE</b>              | <b>–</b>                        | <b>85</b>                     | <b>–</b>                        |

## Significant Asset Acquisitions or Replacements and Variations from the LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# GROUP ECONOMY

## Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future economic well-being:

- A local economy that is attractive to both business and residents
- Retention of business achievers and people critical for business
- Attraction and nurturing of high quality businesses
- Local businesses being supported and promoted
- A skilled workforce that meets local business' needs
- Good telecommunications systems
- A growing number of entrepreneurial companies located in Hutt City
- Creation of an exciting, dynamic city so entrepreneurs want to live and work here
- Encouragement of enterprise and innovation including incentives to attract research, development and application industries
- Making the most of the CRIs by attracting the kind of people with the entrepreneurial nous to build on these R&D outcomes
- Attraction of tourists to Hutt City
- A built environment that is attractive, safe and healthy
- A more attractive city
- Developing the uniqueness of Hutt City including its history and culture.

## Significant Activity

|                          |    |
|--------------------------|----|
| 14. Local Urban Design   | 74 |
| 15. Economic Development | 76 |

# ACTIVITY 14: LOCAL URBAN DESIGN

## What we do

Council aims to develop an urban environment that will help attract people and investment, as well as enhance the city's image. Council also recognises the role Hutt City's heritage and features play in the city's image. Council implements environmental policies and plans for the sustainable development of Hutt City, including environmental education and promotion. An annual waste minimisation programme is run to promote the concept of "reduce, reuse, recycle" to business and citizens.

## Why we do it

The public space of Hutt City is managed and developed by Council on behalf of the community. It is important that urban design and infrastructure support and provide for modern business environment requirements. The whole community can benefit from the preservation of buildings of architectural, heritage and historic value, as often the work required is of no benefit to the owner or occupier. Solid waste management is necessary for the health and quality of life of the community. Council promotes recycling and waste reduction.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION  |
|--|--|--|
| Resident satisfaction with the feel and overall look of the city: Equal to or above previous results | <b>2008: Achieved 90%</b><br>2007: Not Achieved –86%<br>2006: 90%  | NRB Communitrak Survey   |
| Business satisfaction with the feel and overall look of the city: Equal to or above previous results | <b>2008: Not Achieved –67%</b><br>2007: Achieved 76%<br>2004: 50%  | Business Survey<br><br>Note: This measure is compared with previous results, not peer average. There is only a small sample and each time the survey is undertaken different companies are surveyed. There is no apparent reason for the satisfaction level having dropped |
| Resident satisfaction with litter control: Equal to or above peer average                            | <b>2008: Achieved 89%</b><br><b>Peer Council average 76%</b><br>2007: Achieved 86%<br>Peer Council average 76%   | NRB Communitrak Survey   |
| Resident satisfaction with levels of graffiti: Equal to or above peer average                        | <b>2008: Achieved 82%</b><br><b>No peer measure</b><br>2007: Achieved 84%<br>No peer measure   | NRB Communitrak Survey   |
| Development projects are progressed on agreed project timeframes: 90%                                | <b>2008: Not Achieved –60% – Suburban centre projects delayed due to change of process to involve local secondary school. High Street project on time and on budget.</b><br>2007: Achieved 90% | Management Records   |
| Percentage of households that have used the recycling service in the last 12 months: 70%             | <b>2008: Achieved 86%</b><br>2007: Achieved 79%  | NRB Communitrak Survey   |
| All residents have access to community recycling facilities: 95%                                     | <b>2008: Achieved 100%</b><br>2007: Achieved 100%  | Management Records   |
| Tonnes of recycling per annum: Increasing  | <b>2008: Achieved 7,479 tonnes</b><br>2007: Achieved 7,129 tonnes<br>2006: 6,066 tonnes  | Management Records   |

## LOCAL URBAN DESIGN – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| Capital Contributions           | –                               | 7                             | 1                               |
| Other Revenue                   | –                               | –                             | (25)                            |
| <b>Total Revenue</b>            | <b>–</b>                        | <b>7</b>                      | <b>(24)</b>                     |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 212                             | 208                           | 148                             |
| Support Costs                   | 167                             | 166                           | 136                             |
| Operating Costs                 | 452                             | 462                           | 257                             |
| Interest                        | 6                               | 6                             | 5                               |
| Depreciation                    | 244                             | 196                           | 205                             |
| <b>Total Expenditure</b>        | <b>1,081</b>                    | <b>1,038</b>                  | <b>751</b>                      |
| <b>DEFICIT BEFORE TAX</b>       | <b>(1,081)</b>                  | <b>(1,031)</b>                | <b>(775)</b>                    |
| <b>CAPITAL EXPENDITURE</b>      | <b>861</b>                      | <b>1,480</b>                  | <b>619</b>                      |

## Significant Asset Acquisitions or Replacements and Variations from the LTCCP

|  | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|--|---------------------------------|-------------------------------|---------------------------------|
| CBD Masterplan Implementation (\$370,000 carried over to 2008/09)          | 10                              | 700                           | 299                             |
| Suburban Shopping Centres Improvements (\$190,000 carried over to 2008/09) | 8                               | 200                           | 314                             |

Council is undertaking a range of improvements in the CBD designed to better integrate the city with the new Westfield Queensgate development and make the environment more attractive to shoppers. This year's work involved upgrading of High Street which is being completed over two financial years.

This year's Suburban Shopping Centre projects involved improvements to the Naenae Shopping Centre. This project has been included in the social studies curriculum of Naenae College for 2008, engaging the local students in the project. The work is also being completed in conjunction with work planned for the adjacent park. As a consequence it is being completed over two years.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 15: ECONOMIC DEVELOPMENT

## What we do

Council has a leading role in fostering Hutt City's growth in a number of ways. These include creating a business-friendly environment, facilitating the expansion and creation of local businesses and employment, increasing tourism and events in Hutt City, and contributing to regional growth through regional economic development.

## Why we do it

Individual businesses generally have insufficient incentives to explore opportunities that benefit Hutt City as a whole, as well as themselves. Hutt City's businesses and residents benefit from Council's support of the business sector as well as from the promotion and recognition of Hutt City as a business location and vibrant city.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION   |
|--|--|---|
| Business satisfaction with economic development programmes: 80%  | <b>2008: Achieved 90%</b><br>2007: Achieved 85%  | Business Survey   |
| Resident satisfaction with the visitor information services and special events: 80%  | <b>2008: Not Measured – To be measured again in 2009</b><br>2007: Achieved 91%   | NRB Communitrak Survey<br>Awareness of whether the Visitor Information Service is free was measured (74%) |
| Economic ranking of Hutt City relative to peer group of NZ cities as per annual Economic Development Strategy (EDS) Report to Council (which includes such measures as number of businesses, number of FTE and GDP): Improvement | <b>2008: Achieved – 7th ranked job growth: 2nd ranked GDP growth: 6th ranked no. of businesses growth</b><br>2007: Not Achieved – 7th ranked job growth: 3rd ranked GDP growth; 6th ranked no. of businesses growth<br>2006: Achieved – 5th ranked job growth: 5th ranked GDP growth | Business Economic Research Limited  |

| ECONOMIC DEVELOPMENT – INCOME STATEMENT |                                 |                               |                                 |
|---|---------------------------------|-------------------------------|---------------------------------|
| For the year ended 30 June 2008         | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
| <b>REVENUE</b>                          |                                 |                               |                                 |
| User Charges                            | 305                             | 250                           | 358                             |
| Operating Subsidies                     | 136                             | 180                           | 159                             |
| Other Revenue                           | 21                              | 12                            | 47                              |
| <b>Total Revenue</b>                    | <b>462</b>                      | <b>442</b>                    | <b>564</b>                      |
| <b>EXPENDITURE</b>                      |                                 |                               |                                 |
| Employee Costs                          | 521                             | 484                           | 499                             |
| Support Costs                           | 413                             | 375                           | 316                             |
| Operating Costs                         | 1,016                           | 1,050                         | 1,917                           |
| Interest                                | 16                              | 16                            | 15                              |
| <b>Total Expenditure</b>                | <b>1,966</b>                    | <b>1,925</b>                  | <b>2,747</b>                    |
| <b>DEFICIT BEFORE TAX</b>               | <b>(1,504)</b>                  | <b>(1,483)</b>                | <b>(2,183)</b>                  |
| <b>CAPITAL EXPENDITURE</b>              | <b>96</b>                       | <b>160</b>                    | <b>450</b>                      |

## Significant Variations from the LTCCP

There were no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# GROUP ORGANISATION

## Community Outcomes

All the Community Outcomes are relevant for this group of activities, which provides management support and advice to elected members and Council officers. It also ensures that high levels of service are maintained, and that customers and staff are valued. The role of the elected members and community representatives as part of this group is of the utmost importance. They represent the views of the community when decisions are being considered by Council.

## Significant Activity

|                        |    |
|------------------------|----|
| 16. Elected Members    | 78 |
| 17. Advice and Support | 79 |
| 18. Managing Services  | 81 |

# ACTIVITY 16: ELECTED MEMBERS

## What we do

Elected members provide a governance role for the city, set the strategic direction of the Council including determining the activities the Council undertakes (within legal parameters) and monitor the Council's performance on behalf of the city residents and ratepayers. Community Boards and Ward/Community Committees are part of the Council's governance structure and provide local input into the Council's decision-making process.

## Why we do it

To ensure good governance and good decision-making, and to meet legal requirements.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION  |
|---|--|------------------------|
| Residents' satisfaction with performance of Mayor and Councillors: Equal to or above peer average | <b>2008: Achieved 94%</b><br><b>Peer Council average 89%</b><br>2007: Not Achieved – 88%<br>Peer Council average 89% | NRB Communitrak Survey |
| Residents' satisfaction with the way rates are spent: Equal to or above peer average              | <b>2008: Achieved 86%</b><br><b>Peer Council average 79%</b><br>2007: Achieved 81%<br>Peer Council average 79%       | NRB Communitrak Survey |

| ELECTED MEMBERS – INCOME STATEMENT |                                 |                               |                                 |
|------------------------------------|---------------------------------|-------------------------------|---------------------------------|
| For the year ended 30 June 2008    | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
| <b>REVENUE</b>                     |                                 |                               |                                 |
| User Charges                       | 5                               | –                             | 4                               |
| Other Revenue                      | –                               | –                             | 25                              |
| <b>Total Revenue</b>               | <b>5</b>                        | <b>–</b>                      | <b>29</b>                       |
| <b>EXPENDITURE</b>                 |                                 |                               |                                 |
| Employee Costs                     | 865                             | 986                           | 907                             |
| Support Costs                      | 543                             | 543                           | 620                             |
| Operating Costs                    | 102                             | 164                           | 245                             |
| <b>Total Expenditure</b>           | <b>1,510</b>                    | <b>1,693</b>                  | <b>1,772</b>                    |
| <b>DEFICIT BEFORE TAX</b>          | <b>(1,505)</b>                  | <b>(1,693)</b>                | <b>(1,743)</b>                  |
| <b>CAPITAL EXPENDITURE</b>         | <b>–</b>                        | <b>–</b>                      | <b>–</b>                        |

## Significant Variations from the LTCCP

There were no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



# ACTIVITY 17: ADVICE AND SUPPORT

## What we do

This activity comprises those processes that support the Council's decision-making, for example, strategic planning, policy development, and monitoring and reporting.

## Why we do it

Professional advice and support are necessary to assist Council, Community Boards and Ward/Community Committees to make informed decisions on behalf of the community.

## How we do it

| PERFORMANCE MEASURES   | LEVEL OF ACHIEVEMENT  | SOURCE OF INFORMATION   |
|--|---|---|
| Councillors are satisfied or more than satisfied with the formal advice received from officers: 80%                                | <b>2008: Achieved 100%</b><br>2007: Achieved 100%             | Survey of Elected Members<br><br>Note: There were 11 responses to the formal advice survey from a total of 12 Councillors. Of the 11 responses six respondents did not advise the extent to which they were satisfied with the overall quality of formal advice they had received from Council officers in the past twelve months. Of the five who did answer the question all five were very satisfied |
| Community Board and Ward Committee members are satisfied or more than satisfied with the formal advice received from officers: 80% | <b>2008: Not Achieved – 75%</b><br>2007: Not Achieved – 72.5% | Survey of Elected Members<br><br>Ward Committee members were not surveyed as Ward Committees were disestablished by October 2007. Only four Community Board members responded to the questionnaire. Of those, three were very satisfied and one was somewhat dissatisfied   |
| Projects identified in annual work programme progressed as per agreed timeframes: 90%  | <b>2008: Achieved 90%</b><br>2007: Achieved 90%               | Monthly Management Reports  |

## ADVICE AND SUPPORT SERVICES – INCOME STATEMENT

| For the year ended 30 June 2008 | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 | Actual<br>30 June 2007<br>\$000 |
|---------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>REVENUE</b>                  |                                 |                               |                                 |
| User Charges                    | (1)                             | –                             | –                               |
| Operating Subsidies             | –                               | 6                             | –                               |
| Other Revenue                   | 141                             | 140                           | –                               |
| <b>Total Revenue</b>            | <b>140</b>                      | <b>146</b>                    | <b>–</b>                        |
| <b>EXPENDITURE</b>              |                                 |                               |                                 |
| Employee Costs                  | 27                              | –                             | –                               |
| Support Costs                   | 3,410                           | 3,410                         | 3,625                           |
| Operating Costs                 | 300                             | 375                           | 78                              |
| <b>Total Expenditure</b>        | <b>3,737</b>                    | <b>3,785</b>                  | <b>3,703</b>                    |
| <b>DEFICIT BEFORE TAX</b>       | <b>(3,597)</b>                  | <b>(3,639)</b>                | <b>(3,703)</b>                  |
| <b>CAPITAL EXPENDITURE</b>      | <b>–</b>                        | <b>–</b>                      | <b>–</b>                        |

### Significant Variations from the LTCCP

There were no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

# ACTIVITY 18: MANAGING SERVICES

## What we do

Managing services incorporates the organisational support functions that help Council to provide its other activities in the most efficient and effective manner. It includes:

- Customer Relations
- Corporate Planning
- Finance
- General Administration
- Human Resources
- Information Management
- Office of the Chief Executive (including Communications)
- Legal & Secretariat Services
- Strategic Development
- Monitoring and Reporting.

## Why we do it

This activity contributes to all Community Outcomes by supporting all of Council's other activities.

## How we do it

| PERFORMANCE MEASURES  | LEVEL OF ACHIEVEMENT   | SOURCE OF INFORMATION                      |
|---|--|--|
| Overall satisfaction ratings of resident surveys: Equal to or above peer average    | <b>2008: Achieved 89.7%</b><br><b>Peer Council average 86%</b><br><br>2007: Achieved 87%<br>Peer Council average 84%   | NRB Communitrak Survey                     |
| Satisfaction ratings in staff survey: Equal to or above peer organisational average | <b>2008: Achieved 70%</b><br><b>Peer organisational average 67.8%</b><br><br>2007: Achieved 68.4%<br>Peer organisational average 66.7%   | Best Places to Work Survey                 |
| Staff turnover: Less than 15%   | <b>2008: Achieved 13.7%</b><br><br>2007: Achieved 12%  | Monthly Management Reports                 |
| Legal and policy requirements: No significant instances of non-compliance           | <b>2008: Achieved – No significant non-compliance instances reported</b><br><br>2007: Achieved – No significant non-compliance instances reported  | Monthly Compliance Reports                 |
| Work-related accidents: Less than six resulting in time off work                    | <b>2008: Achieved – 4 work related accidents resulting in time off work</b><br><br>2007: Achieved – 5 work related accidents resulted in time off work   | Monthly Management Reports                 |
| Award received from the NZ Business Excellence Foundation: Achievement Award        | <b>2008: Winner Local Government Category</b><br><br>2007: New Zealand Business Excellence Achievement (Silver) Award  | Vero Excellence in Business Support Awards |
| Number of organisation improvements reported by staff: More than 500                | <b>2008: Target removed due to revision of the Programme. A new target focusing on quality rather than quantity will be introduced in the 2008-09 year.</b><br><br>2007: Achieved 514 improvements, as reported by staff | Monthly Management Reports                 |

| <b>MANAGING SERVICES – INCOME STATEMENT</b> |  |  |  |
|---|--|--|--|
| <b>For the year ended 30 June 2008</b>      | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> | <b>Actual<br/>30 June 2007<br/>\$000</b> |
| <b>REVENUE</b>                              |  |  |  |
| User Charges                                | 1,204                                    | 650                                    | 1,038                                    |
| Interest Income                             | 185                                      | –                                      | 82                                       |
| Operating Subsidies                         | (2,575)                                  | 60                                     | 46                                       |
| Other Revenue                               | 2,251                                    | 216                                    | 21                                       |
| Gain on Sale/Revaluation                    | 283                                      | –                                      | 1,442                                    |
| Rates Income                                | 73,792                                   | 73,349                                 | 71,710                                   |
| <b>Total Revenue</b>                        | <b>75,140</b>                            | <b>74,275</b>                          | <b>74,339</b>                            |
| <b>EXPENDITURE</b>                          |  |  |  |
| Employee Costs                              | 6,114                                    | 6,573                                  | 6,141                                    |
| Support Costs                               | (12,520)                                 | (12,516)                               | (12,420)                                 |
| Operating Costs                             | 3,292                                    | 2,975                                  | 6,449                                    |
| Interest                                    | 735                                      | 149                                    | 118                                      |
| Depreciation                                | 1,376                                    | 1,374                                  | 1,109                                    |
| Revaluation Gain/Loss                       | 352                                      | –                                      | –  |
| <b>Total Expenditure</b>                    | <b>(651)</b>                             | <b>(1,445)</b>                         | <b>1,397</b>                             |
| <b>SURPLUS BEFORE TAX</b>                   | <b>75,791</b>                            | <b>75,720</b>                          | <b>72,942</b>                            |
| <b>CAPITAL EXPENDITURE</b>                  | <b>1,713</b>                             | <b>3,256</b>                           | <b>2,646</b>                             |

### Significant Variations from the LTCCP

There were no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

## FIVE-YEAR FINANCIAL SUMMARY

| Notes  | Actual<br>30 June<br>2008<br>\$000 | Budget<br>30 June<br>2008<br>\$000 | Actual<br>30 June<br>2007<br>\$000 | Actual<br>30 June<br>2006<br>\$000 | Actual<br>30 June<br>2005<br>\$000 | Actual<br>30 June<br>2004<br>\$000 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>FINANCIAL PERFORMANCE</b>                     |                                    |                                    |                                    |                                    |                                    |                                    |
| Rates revenue                                    | 73,792                             | 73,349                             | 71,710                             | 68,493                             | 65,825                             | 62,400                             |
| Other revenue                                    | 40,816                             | 36,730                             | 37,762                             | 37,617                             | 34,443                             | 32,392                             |
| Gain on revaluation of financial instruments (i) | 283                                | –                                  | 1,442                              | 546                                | –                                  | –                                  |
| <b>Total revenue</b>                             | <b>114,891</b>                     | <b>110,079</b>                     | <b>110,914</b>                     | <b>106,656</b>                     | <b>100,268</b>                     | <b>94,792</b>                      |
| Depreciation                                     | 23,349                             | 23,078                             | 22,587                             | 20,809                             | 20,198                             | 19,566                             |
| Interest expense                                 | 6,406                              | 5,820                              | 5,568                              | 4,735                              | 5,227                              | 5,220                              |
| Other expenditure                                | 79,048                             | 78,985                             | 76,351                             | 72,185                             | 73,118                             | 68,887                             |
| Loss on revaluation of financial instruments (i) | 352                                | –                                  | –                                  | –                                  | –                                  | –                                  |
| <b>Total expenditure</b>                         | <b>109,155</b>                     | <b>107,883</b>                     | <b>104,506</b>                     | <b>97,729</b>                      | <b>98,543</b>                      | <b>93,673</b>                      |
| Surplus before adjustments                       | 5,736                              | 2,196                              | 6,408                              | 8,927                              | 1,725                              | 1,119                              |
| Tax expense                                      | –                                  | –                                  | –                                  | –                                  | –                                  | –                                  |
| <b>Net surplus after tax</b>                     | <b>5,736</b>                       | <b>2,196</b>                       | <b>6,408</b>                       | <b>8,927</b>                       | <b>1,725</b>                       | <b>1,119</b>                       |
| <b>Capital expenditure</b>                       | <b>34,786</b>                      | <b>36,622</b>                      | <b>36,284</b>                      | <b>38,287</b>                      | <b>22,017</b>                      | <b>22,901</b>                      |
| <b>FINANCIAL POSITION</b>                        |                                    |                                    |                                    |                                    |                                    |                                    |
| Cash and cash equivalents                        | 7                                  | 4,052                              | 7,442                              | 5,041                              | 5,529                              | 4,960                              |
| Sinking funds                                    | 273                                | 252                                | 252                                | 233                                | 216                                | 201                                |
| Property, plant and equipment                    | 1,028,104                          | 1,063,306                          | 1,027,210                          | 1,039,969                          | 800,813                            | 801,550                            |
| Other assets                                     | 54,080                             | 30,792                             | 42,581                             | 20,259                             | 22,309                             | 21,615                             |
|  | <b>1,082,464</b>                   | <b>1,098,402</b>                   | <b>1,077,485</b>                   | <b>1,065,502</b>                   | <b>828,867</b>                     | <b>828,326</b>                     |
| Borrowings                                       | (81,131)                           | (86,760)                           | (82,376)                           | (74,455)                           | (73,556)                           | (70,624)                           |
| Other liabilities                                | (29,166)                           | (25,838)                           | (28,678)                           | (30,196)                           | (23,725)                           | (26,777)                           |
|  | <b>(110,297)</b>                   | <b>(112,598)</b>                   | <b>(111,054)</b>                   | <b>(104,651)</b>                   | <b>(97,281)</b>                    | <b>(97,401)</b>                    |
| <b>Equity</b>                                    | <b>972,167</b>                     | <b>985,804</b>                     | <b>966,431</b>                     | <b>960,851</b>                     | <b>731,586</b>                     | <b>730,925</b>                     |
| <b>FINANCIAL RATIOS</b>                          |                                    |                                    |                                    |                                    |                                    |                                    |
| Net borrowings to total assets                   | 7.5%                               | 7.9%                               | 7.6%                               | 7.0%                               | 8.9%                               | 8.5%                               |
| Interest expense to total revenue                | 5.6%                               | 5.3%                               | 5.1%                               | 4.5%                               | 5.2%                               | 5.5%                               |
| Increase in rates revenue                        | 2.9%                               | 2.3%                               | 4.7%                               | 4.1%                               | 5.5%                               | 4.0%                               |

### Key financial results

The surplus after tax for the year ended 30 June 2008 of \$5.7 million was \$3.5 million above budget.

Capital expenditure for the year ended 30 June 2008 of \$34.8 million was \$1.8 million below budget.

Funding has been carried over to the next financial year for completion of certain capital projects.

Borrowings decreased by \$1.2 million during the financial year.

### Explanatory notes:

(i): Council adopted NZ IFRS with effect from 1 July 2005. Prior year figures have not been restated.

The only significant difference on this comparison is the revaluation of financial instruments.



## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council and management of Hutt City Council confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

**David Ogden**  
**MAYOR**

**Tony Stallinger**  
**CHIEF EXECUTIVE**



## FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

|                               | Notes   | Council                 |                         |                         | Group                   |                         |
|-------------------------------|---------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                               |         | Actual<br>2008<br>\$000 | Budget<br>2008<br>\$000 | Actual<br>2007<br>\$000 | Actual<br>2008<br>\$000 | Actual<br>2007<br>\$000 |
| <b>REVENUE</b>                |         |                         |                         |                         |                         |                         |
| Rates revenue                 | 2       | 73,792                  | 73,349                  | 71,710                  | 73,607                  | 71,710                  |
| User charges                  | 3       | 26,561                  | 25,120                  | 24,530                  | 29,069                  | 26,162                  |
| Subsidies received            | 3       | 9,478                   | 9,808                   | 10,090                  | 9,478                   | 10,090                  |
| Finance revenue               | 4       | 185                     | –                       | 172                     | 199                     | 160                     |
| Gain                          | 5       | 283                     | –                       | 1,442                   | 283                     | 1,442                   |
| Other revenue                 | 3       | 4,592                   | 1,802                   | 2,970                   | 4,715                   | 2,501                   |
| <b>Total revenue</b>          |         | <b>114,891</b>          | <b>110,079</b>          | <b>110,914</b>          | <b>117,351</b>          | <b>112,065</b>          |
| <b>EXPENDITURE</b>            |         |                         |                         |                         |                         |                         |
| Employee costs                | 6       | 21,399                  | 21,172                  | 18,946                  | 22,098                  | 19,847                  |
| Operating costs               | 7       | 57,649                  | 57,813                  | 57,405                  | 58,498                  | 57,451                  |
| Finance costs                 | 4       | 6,406                   | 5,820                   | 5,568                   | 6,756                   | 5,618                   |
| Loss                          | 5       | 352                     | –                       | –                       | 352                     | –                       |
| Depreciation and amortisation | 14 & 15 | 23,349                  | 23,078                  | 22,587                  | 24,049                  | 22,823                  |
| <b>Total expenditure</b>      |         | <b>109,155</b>          | <b>107,883</b>          | <b>104,506</b>          | <b>111,753</b>          | <b>105,739</b>          |
| <b>Surplus before tax</b>     |         | <b>5,736</b>            | <b>2,196</b>            | <b>6,408</b>            | <b>5,598</b>            | <b>6,326</b>            |
| Income tax expense            | 8       | –                       | –                       | –                       | –                       | –                       |
| <b>SURPLUS AFTER TAX</b>      |         | <b>5,736</b>            | <b>2,196</b>            | <b>6,408</b>            | <b>5,598</b>            | <b>6,326</b>            |

### Explanation of the Council's surplus after tax

Council made a surplus after tax of \$5.736 million compared with a budgeted surplus after tax of \$2.196 million. The operating result was therefore \$3.54 million better than budget. Explanations of major variances against budget are detailed in note 32.

The surplus after tax has been used to repay debt after adjusting for items not having a cash flow nature and items supporting capital expenditure.

*The accompanying accounting policies and notes form an integral part of these Financial Statements.*

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008**

|   | Council                 |                         |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2008<br>\$000 | Budget<br>2008<br>\$000 | Actual<br>2007<br>\$000 | Actual<br>2008<br>\$000 | Actual<br>2007<br>\$000 |
| <b>Equity at beginning of the year</b>  | <b>966,431</b>          | <b>983,608</b>          | <b>960,023</b>          | <b>967,150</b>          | <b>960,824</b>          |
| Surplus/(deficit) for the year  | 5,736                   | 2,196                   | 6,408                   | 5,598                   | 6,326                   |
| <b>Total recognised income and expense</b>  | <b>5,736</b>            | <b>2,196</b>            | <b>6,408</b>            | <b>5,598</b>            | <b>6,326</b>            |
| Transfers from asset revaluation reserve on disposal of property, plant and equipment | –                       | –                       | –                       | 262                     | –                       |
| <b>Equity at end of the year</b>  | <b>972,167</b>          | <b>985,804</b>          | <b>966,431</b>          | <b>973,010</b>          | <b>967,150</b>          |
| <b>Attributable to:</b>   |                         |                         |                         |                         |                         |
| Hutt City Council   | 972,167                 | 985,804                 | 966,431                 | 973,160                 | 967,232                 |
| Urban Plus Limited  | –                       | –                       | –                       | (433)                   | (215)                   |
| Seaview Marina  | –                       | –                       | –                       | 283                     | 133                     |
| <b>Balance at 30 June</b> 24  | <b>972,167</b>          | <b>985,804</b>          | <b>966,431</b>          | <b>973,010</b>          | <b>967,150</b>          |

The accompanying accounting policies and notes form an integral part of these Financial Statements.



**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008**

|                                      | Notes | Council                 |                         |                         | Group                   |                         |
|--------------------------------------|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                      |       | Actual<br>2008<br>\$000 | Budget<br>2008<br>\$000 | Actual<br>2007<br>\$000 | Actual<br>2008<br>\$000 | Actual<br>2007<br>\$000 |
| <b>EQUITY</b>                        |       |                         |                         |                         |                         |                         |
| Accumulated funds                    | 24    | 730,406                 | 744,773                 | 728,298                 | 731,249                 | 729,017                 |
| Council created reserves             | 24    | 16,900                  | 10,742                  | 12,934                  | 16,900                  | 12,934                  |
| Restricted reserves                  | 24    | 57                      | 54                      | 57                      | 57                      | 57                      |
| Asset revaluation reserves           | 24    | 224,804                 | 230,235                 | 225,142                 | 224,804                 | 225,142                 |
| <b>TOTAL EQUITY</b>                  |       | <b>972,167</b>          | <b>985,804</b>          | <b>966,431</b>          | <b>973,010</b>          | <b>967,150</b>          |
| <b>ASSETS</b>                        |       |                         |                         |                         |                         |                         |
| <b>CURRENT ASSETS</b>                |       |                         |                         |                         |                         |                         |
| Cash and cash equivalents            | 9     | 7                       | 4,052                   | 7,442                   | 280                     | 7,502                   |
| Debtors and other receivables        | 10    | 9,171                   | 9,319                   | 7,309                   | 9,684                   | 6,493                   |
| Inventories                          | 12    | 14                      | 8                       | 14                      | 22                      | 16                      |
| Derivative financial instruments     | 11    | 1,619                   | –                       | 2,714                   | 1,619                   | 2,714                   |
| Prepayments                          |       | 858                     | –                       | 761                     | 902                     | 761                     |
| Other financial assets               | 18    | 273                     | 6,162                   | 252                     | 273                     | 252                     |
| Non-current assets held for sale     | 13    | 308                     | –                       | –                       | 308                     | –                       |
| <b>Total current assets</b>          |       | <b>12,250</b>           | <b>19,541</b>           | <b>18,492</b>           | <b>13,088</b>           | <b>17,738</b>           |
| <b>NON-CURRENT ASSETS</b>            |       |                         |                         |                         |                         |                         |
| Property, plant and equipment        | 14    | 1,028,104               | 1,063,306               | 1,027,210               | 1,047,034               | 1,046,656               |
| Intangible assets                    | 15    | 1,912                   | –                       | 1,447                   | 1,935                   | 1,474                   |
| Assets under construction            |       | 24,754                  | 413                     | 14,830                  | 24,901                  | 14,853                  |
| Investment in subsidiaries           | 16    | 14,545                  | 14,545                  | 14,545                  | –                       | –                       |
| Investment in associates             | 17    | 224                     | 224                     | 224                     | 224                     | 224                     |
| Other financial assets               | 18    | 675                     | 373                     | 737                     | 675                     | 737                     |
| <b>Total non-current assets</b>      |       | <b>1,070,214</b>        | <b>1,078,861</b>        | <b>1,058,993</b>        | <b>1,074,769</b>        | <b>1,063,944</b>        |
| <b>TOTAL ASSETS</b>                  |       | <b>1,082,464</b>        | <b>1,098,402</b>        | <b>1,077,485</b>        | <b>1,087,857</b>        | <b>1,081,682</b>        |
| <b>CURRENT LIABILITIES</b>           |       |                         |                         |                         |                         |                         |
| Cash and cash equivalents            | 21    | 204                     | –                       | 2,583                   | 146                     | 2,583                   |
| Borrowings                           | 21    | 35,900                  | 61,760                  | 47,110                  | 39,900                  | 51,410                  |
| Derivative financial instruments     | 11    | 767                     | –                       | 1,510                   | 767                     | 1,510                   |
| Creditors and other payables         | 20    | 19,742                  | 5,831                   | 17,539                  | 19,809                  | 17,685                  |
| Employee entitlements                | 22    | 1,828                   | 1,247                   | 1,412                   | 1,873                   | 1,453                   |
| Other liabilities                    | 25    | 3,039                   | 15,377                  | 2,293                   | 3,523                   | 1,284                   |
| <b>Total current liabilities</b>     |       | <b>61,480</b>           | <b>84,215</b>           | <b>72,447</b>           | <b>66,018</b>           | <b>75,925</b>           |
| <b>NON-CURRENT LIABILITIES</b>       |       |                         |                         |                         |                         |                         |
| Borrowings                           | 21    | 45,231                  | 25,000                  | 35,266                  | 45,231                  | 35,266                  |
| Employee entitlements                | 22    | 633                     | –                       | 638                     | 645                     | 638                     |
| Provisions                           | 23    | 2,953                   | 570                     | 2,703                   | 2,953                   | 2,703                   |
| Other liabilities                    | 25    | –                       | 2,813                   | –                       | –                       | –                       |
| <b>Total non-current liabilities</b> |       | <b>48,817</b>           | <b>28,383</b>           | <b>38,607</b>           | <b>48,829</b>           | <b>38,607</b>           |
| <b>TOTAL LIABILITIES</b>             |       | <b>110,297</b>          | <b>112,598</b>          | <b>111,054</b>          | <b>114,847</b>          | <b>114,532</b>          |
| <b>NET ASSETS</b>                    |       | <b>972,167</b>          | <b>985,804</b>          | <b>966,431</b>          | <b>973,010</b>          | <b>967,150</b>          |

The accompanying accounting policies and notes form an integral part of these Financial Statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

|  | Council                 |                         |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2008<br>\$000 | Budget<br>2008<br>\$000 | Actual<br>2007<br>\$000 | Actual<br>2008<br>\$000 | Actual<br>2007<br>\$000 |
| <b>Notes</b>   |                         |                         |                         |                         |                         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                         |                         |                         |                         |                         |
| <b>Cash was provided from:</b>                             |                         |                         |                         |                         |                         |
| Receipts from rates and levies – Council                   | 73,732                  | 73,349                  | 71,624                  | 73,323                  | 71,624                  |
| Receipts from rates and levies – GWRC*                     | 14,858                  | 12,500                  | 12,825                  | 14,858                  | 12,825                  |
| Receipts from user charges and other income                | 40,171                  | 36,380                  | 38,656                  | 41,646                  | 39,916                  |
| Interest received  | 185                     | 150                     | 153                     | 199                     | 153                     |
| Dividends  | –                       | –                       | –                       | –                       | –                       |
| Net GST received from Inland Revenue **                    | –                       | –                       | 262                     | –                       | 262                     |
|  | <b>128,946</b>          | <b>122,379</b>          | <b>123,520</b>          | <b>130,026</b>          | <b>124,780</b>          |
| <b>Cash was applied to:</b>                                |                         |                         |                         |                         |                         |
| Payments to employees                                      | (20,988)                | (78,985)                | (80,707)                | (21,671)                | (81,885)                |
| Payments to suppliers                                      | (56,465)                | –                       | –                       | (57,454)                | –                       |
| Interest paid  | (6,465)                 | (5,820)                 | (5,587)                 | (6,815)                 | (5,577)                 |
| Net GST paid to Inland Revenue                             | (1,244)                 | –                       | –                       | (1,244)                 | –                       |
| Rates and levies passed to GWRC*                           | (14,858)                | (12,500)                | (10,971)                | (14,858)                | (10,971)                |
|  | <b>(100,020)</b>        | <b>(97,305)</b>         | <b>(97,265)</b>         | <b>(102,042)</b>        | <b>(98,433)</b>         |
| <b>Net cash flows from operating activities</b> 26         | <b>28,926</b>           | <b>25,074</b>           | <b>26,255</b>           | <b>27,984</b>           | <b>26,347</b>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                         |                         |                         |                         |                         |
| <b>Cash was provided from:</b>                             |                         |                         |                         |                         |                         |
| Receipts from sale of property, plant and equipment        | 1,526                   | 4,500                   | 16,595                  | 1,788                   | 16,595                  |
| Other investment receipts                                  | 330,563                 | –                       | 16                      | 330,563                 | 16                      |
|  | <b>332,089</b>          | <b>4,500</b>            | <b>16,611</b>           | <b>332,351</b>          | <b>16,611</b>           |
| <b>Cash was applied to:</b>                                |                         |                         |                         |                         |                         |
| Purchase and construction of property, plant and equipment | (38,357)                | (36,622)                | (36,025)                | (37,097)                | (52,333)                |
| – less UHCC capital contribution                           | –                       | 1,213                   | –                       | –                       | –                       |
| Purchase of intangible assets                              | (1,148)                 | –                       | (509)                   | (1,157)                 | (570)                   |
| Investment in subsidiary                                   | –                       | –                       | (12,000)                | –                       | –                       |
| Other payments and investments                             | (325,321)               | –                       | (423)                   | (325,321)               | (423)                   |
|  | <b>(364,826)</b>        | <b>(35,409)</b>         | <b>(48,957)</b>         | <b>(363,575)</b>        | <b>(53,326)</b>         |
| <b>Net cash flows from investing activities</b>            | <b>(32,737)</b>         | <b>(30,909)</b>         | <b>(32,346)</b>         | <b>(31,224)</b>         | <b>(36,715)</b>         |

The accompanying accounting policies and notes form an integral part of these Financial Statements.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

|  | Council                 |                         |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2008<br>\$000 | Budget<br>2008<br>\$000 | Actual<br>2007<br>\$000 | Actual<br>2008<br>\$000 | Actual<br>2007<br>\$000 |
| <b>Notes</b>   |                         |                         |                         |                         |                         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |                         |                         |                         |                         |                         |
| <b>Cash was provided from:</b>   |                         |                         |                         |                         |                         |
| Proceeds from borrowings   | 826,110                 | 229,844                 | 298,541                 | 826,110                 | 302,841                 |
| <b>Cash was applied to:</b>  |                         |                         |                         |                         |                         |
| Repayment of borrowings  | (827,355)               | (224,112)               | (290,620)               | (827,655)               | (290,620)               |
| <b>Net cash flows from financing activities</b>                          | <b>(1,245)</b>          | <b>5,732</b>            | <b>7,921</b>            | <b>(1,545)</b>          | <b>12,221</b>           |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts    | (5,056)                 | (103)                   | 1,830                   | (4,785)                 | 1,853                   |
| Cash, cash equivalents and bank overdrafts at the beginning of the year  | 4,859                   | 4,155                   | 3,029                   | 4,919                   | 3,066                   |
| <b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b> | <b>(197)</b>            | <b>4,052</b>            | <b>4,859</b>            | <b>134</b>              | <b>4,919</b>            |
| <b>Cash balance at end of the year comprises:</b>                        |                         |                         |                         |                         |                         |
| Cash and on call deposits  | 7                       | 4,052                   | 7,442                   | 280                     | 7,502                   |
| Short term deposits  | –                       | –                       | –                       | –                       | –                       |
| Bank overdraft (unsecured)   | (204)                   | –                       | (2,583)                 | (146)                   | (2,583)                 |
| <b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b> | <b>(197)</b>            | <b>4,052</b>            | <b>4,859</b>            | <b>134</b>              | <b>4,919</b>            |

\* GWRC is the Greater Wellington Regional Council for which the Hutt City Council acts as a collection agency by including additional rates in its own billing processes. Once collected the monies are passed to GWRC.

\*\* The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

*The accompanying accounting policies and notes form an integral part of these Financial Statements.*



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Statement of Accounting Policies for the year ended 30 June 2008

### Reporting Entity

The Hutt City Council (referred to as 'Council') is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand. Council was first formed as Lower Hutt City Council on 1 November 1989 by the amalgamation of five local authorities. The name was changed to The Hutt City Council by a special Act of Parliament on 8 October 1991.

The Group consists of Council, its subsidiaries, Seaview Marina Limited and Hutt Holdings Limited (both 100% owned), Hutt Valley Youth Health Trust (an in substance subsidiary), the Silverstream Gas Joint Venture (7% owned) and associate Wellington Water Management Limited.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Council are for the year ended 30 June 2008. The financial statements were authorised for issue by Council on 22 October 2008.

### Basis of Preparation

#### Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

#### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments (including derivative instruments).

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

*Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.*

#### Changes in accounting policies

With the exception of the NZ IAS 2 Inventories (NZ IAS 2) amendment as explained below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In November 2007 the Accounting Standards Review Board approved an amendment to NZ IAS 2, which requires public benefit entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefits entities were required to measure inventories held for distribution at the lower of cost and current replacement cost.

Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. The Council has elected to adopt the amended NZ IAS 2 early in accordance with its transitional provisions, which require the Council to account for the change in accounting policy prospectively from 1 July 2007. The Council has not needed to make an adjustment as inventory was measured at cost as at 30 June 2007.

## Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council include:

- *NZ IAS 1 Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the Council the option of presenting items of income and expense and components of other comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- *NZ IAS 23 Borrowing Costs (revised 2007)* replaces NZ IAS 23 Borrowing Costs (revised 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.
- *NZ IFRS 3 Business Combinations (revised 2008)* and amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions – Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions – The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
  - Acquisition-related costs - Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
  - Contingent consideration – Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss (rather than by adjusting the cost of acquisition).

The Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

## Significant Accounting Policies

### Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

### Subsidiaries

Council consolidates as subsidiaries in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the Statement of Financial Performance.

Council's investments in its subsidiaries are carried at cost in the Council's own "parent entity" financial statements.

These Group financial statements include Council and its subsidiaries, except for Hutt Valley Youth Health Trust, which has not been consolidated. The effect of not consolidating Hutt Valley Youth Health Trust is immaterial.

All subsidiaries have 30 June balance dates except for Hutt Valley Youth Health Trust, which has a 30 September balance date.

### **Associates**

Council accounts for an investment in an associate in the Group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the associate after the date of acquisition. Council's share of the surplus or deficit of the associate is recognised in Council's statement of financial performance. Distributions received from an associate reduce the carrying amount of the investment.

If Council's share of deficits of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further deficits. After Council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Council's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the Council and its associates is eliminated.

Council's investments in associates are carried at cost in Council's own "parent entity" financial statements.

Council has one associate, Wellington Water Management Limited, which has a balance date of 30 June. Unaudited financial statements of Wellington Water Management Limited have been used in preparing Council's Group financial statements.

### **Joint venture**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Council has a 7% interest in the Silverstream Gas Joint Venture, which has a balance date of 30 June. Unaudited financial statements of the Silverstream Gas Joint Venture have been used in preparing Council's Group financial statements.

### **Revenue**

Revenue is measured at the fair value of consideration received or receivable.

#### ***Rates revenue***

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of Greater Wellington Regional Council (GWRC) are not recognised in the financial statements as the Council is acting as an agent for GWRC.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

#### ***Government grants***

Council receives government grants from Land Transport New Zealand, which subsidises part of the Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

#### ***Provision of services***

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

#### ***Vested assets***

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

### ***Sale of goods***

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

### ***Traffic and parking infringements***

Traffic and parking infringements are recognised when tickets are issued.

### ***Interest and dividends***

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

### ***Development contributions***

The revenue recognition point for development and financial contributions is at the later of the point when Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

### ***Acting as Agent***

When revenue is derived by action as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

## **Construction contracts**

Contract revenue or Contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. Construction work in progress is stated at the aggregate of contract costs incurred to date.

## **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

## **Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

## **Income tax**

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## **Leases**

### **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown in current liabilities in the statement of financial position.

## **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## **Financial assets**

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

### **Financial assets fair value through profit or loss**

Financial assets fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives (eg. interest rate swaps and options) are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. The Council's financial assets at fair value through profit and loss include derivatives that are not designated as hedges.



After initial recognition they are measured at their fair values with gains or losses on remeasurement recognised in the statement of financial performance.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. The Council's loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, community and related party loans.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Loans, including loans to community organisations made by Council at nil, or below-market, interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. The Council's held to maturity investments include sinking funds.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

### **Financial assets at fair value through equity**

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above. They include non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

The Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that Council holds for strategic purposes.

Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

### **Fair value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

## **Impairment of financial assets**

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

## **Loans, receivables and term deposits**

Impairment of a loan, receivable or term deposit is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For trade and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectable, it is written off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits and community loans impairment losses are recognised directly against the instruments carrying amount.

## **Quoted and unquoted equity investments**

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance) is removed from equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity investments are not reversed through the statement of financial performance.

## **Derivative financial instruments and hedging activities**

Council does not use derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

The Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through profit or loss.

## **Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the statement of financial performance in the period of the write-down.

## **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Assets that are being offered for sale under the Public Works Act are recorded.

## Property, plant and equipment

Property, plant and equipment consist of:

- *Infrastructure assets*; the fixed utility systems owned by Council and include resource consents. Each asset type includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.
- *Operational assets*; these include land, buildings, landfill post closure, improvements, library books, plant and equipment and motor vehicles.
- *Restricted assets*; parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Assets under construction are included at cost. The total cost of a project is transferred to the relevant capital class on its completion and then depreciated. Borrowing costs are not capitalised.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Costs that do not meet the criteria for capitalisation, or are below the thresholds of \$1,000 for information technology hardware and \$2,500 for other items, are charged to operating expenditure.

### Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives, except that art, museum collections and land are not depreciated.

The expected useful economic lives have been estimated as follows:

| ESTIMATED ECONOMIC LIVES  | YEARS   | PERCENTAGE  |
|---------------------------|---------|-------------|
| <b>Operational assets</b> |         |             |
| Buildings                 | 50 – 80 | 1.25 - 2%   |
| Piers at Seaview Marina   | 25      | 4%          |
| Parking meters            | 15      | 6.67%       |
| Office equipment          | 10      | 10%         |
| Plant                     | 10      | 10%         |
| Pay and display           | 10      | 10%         |
| Recycling depots          | 5 – 10  | 10 – 20%    |
| Playground equipment      | 5 – 10  | 10 – 20%    |
| Computer equipment        | 3 – 5   | 20 – 33.33% |

| ESTIMATED ECONOMIC LIVES                     | YEARS        | PERCENTAGE   |
|--|--------------|--------------|
| <b>Infrastructure assets</b>                 |              |              |
| Bridges                                      | 75 – 100     | 1 – 1.33%    |
| Drainage including manholes and drainpipe    | 50 – 80      | 1.25 – 2%    |
| Kerbing                                      | 80           | 2%           |
| Footpaths                                    | 50           | 1.25%        |
| Unsealed pavement (base course and sub base) | 50           | 1.25%        |
| Street lights                                | 29           | 3.45%        |
| Wharves                                      | 15           | 6.67%        |
| Road surface                                 | 20           | 5%           |
| Traffic signals and signs                    | 16           | 6.25%        |
| Reservoirs                                   | 80           | 2%           |
| Storm water pipe network assets              | 60 – 100     | 1 – 1.67%    |
| Water pipe network assets                    | 60 – 90      | 1.11 – 1.67% |
| Seaview wastewater treatment plant           | 20           | 5%           |
| Milliscreen plant                            | 26           | 3.85%        |
| Pump and gauging stations                    | 20 – 50      | 2 – 5%       |
| Sewerage pipe network assets                 | 40 – 80      | 1.25 – 2.5%  |
| Gauging and reservoir equipment              | 15           | 6.67%        |
| Pump station control equipment               | 8 – 10       | 10 – 12.5%   |
| Resource consents                            | consent term |              |

## Revaluation

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years, on the basis described below. All other asset classes are carried at depreciated historical cost. The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

- Land and buildings have been valued at either optimised depreciated replacement cost or fair value.
- Infrastructure assets have been valued at optimised depreciated replacement cost. The exceptions are:
  - wharves, which are valued at indemnity value, reflecting their minimum residual value
  - traffic signs, which are stated at cost
  - land under roads, which is valued at 45% of the average market value of adjacent land.
- Library literary assets are valued at depreciated replacement cost in accordance with draft guidelines released by the New Zealand Library Association and the National Library of New Zealand.

## The Council

All revaluations are carried out by independent valuers who specialise in the asset classes listed above. The exception is library literary assets, which are valued by staff with specialist knowledge in this area.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## Upper Hutt City Council's interest in the bulk wastewater system

The Hutt Valley and Wainuiomata bulk wastewater system is managed by Council. Upper Hutt City Council pays an annual levy to the Hutt City Council based on an apportionment formula equating to between 26% and 31% of the funding requirements. While Upper Hutt City Council does not have legal ownership of the bulk wastewater system, it is entitled to a share of the proceeds from any sale of the assets.

Upper Hutt City Council's interest in the bulk wastewater system assets is deducted from the value of property, plant and equipment recognised in the statement of financial position. Funding contributions from Upper Hutt City Council are recognised as revenue in the

statement of financial performance if the contributions are for the operation of the bulk wastewater system. Funding contributions for capital work are recognised as an increase in Upper Hutt City Council's interest in the bulk wastewater system assets.

## **Intangible assets**

### **Goodwill**

Goodwill represents the excess of the cost of the acquisition over the fair value of Council's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

### **Software acquisition and development**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs included the software development, employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

### **Easements**

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

### **Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

|                   |             |           |
|-------------------|-------------|-----------|
| Computer software | 3 – 5 years | 33% – 20% |
|-------------------|-------------|-----------|

### **Impairment of property, plant and equipment and intangible assets**

Assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

## Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## Employee entitlements

### Short-term employee entitlements

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

A discount rate of 7%, and an inflation factor of 4% were used. The discount rate is based on Council's long-term cost of funds. The inflation factor is based on the expected long-term increase in remuneration for employees.

## Superannuation schemes

### Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

### Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

### Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if Council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

### Landfill post closure costs

As operator of the Silverstream and Wainuiomata landfill sites, Council has an obligation to ensure the ongoing maintenance and monitoring services at these landfill sites after closure. Council also has an obligation to monitor closed landfill sites previously operated by local authorities subsequently amalgamated to form the Hutt City Council.

A site restoration and aftercare provision has been recognised as a liability in the statement of financial position. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care is Silverstream 30 years, and Wainuiomata 28 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to Council. Amounts provided for closure and post closure costs are capitalised to the landfill asset where they give rise to future economic benefits, or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

### Equity

Equity is the community's interest in Council as measured by total assets less total liabilities. Equity is classified into a number of reserves to enable clearer identification of the specified uses that Council makes of their accumulated surpluses. The components of equity are:

- Accumulated funds
- Council created reserves
- Restricted reserves
- Asset revaluation reserves.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves are established by Council. They may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Restricted reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

### Sinking funds

Funds have been set aside to meet future repayments of certain loans. These funds are invested with the Sinking Fund Commissioners of the City of Lower Hutt and the National Provident Fund. Interest earned on sinking funds is recognised as revenue in the statement of financial performance.

Sinking Funds are valued at amortised cost in Council's balance sheet. However, if evidence of any impairment loss exists, the carrying value of the investment is reduced to the present value of estimated future cash flows. The amount of any resulting reduction in carrying value is recognised as an expense in the statement of financial performance.

## Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Community Planning process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

## Cost Allocation

The operating statements report the net cost of services for significant activities of Council. Council has derived the net cost of services for each significant activity using the cost allocation system outlined below.

Direct costs are charged directly to significant activities. Indirect costs are charged to the significant activities based on cost drivers and related activity or usage information.

Each significant activity has been charged an internal interest cost. The net interest cost incurred by Council is allocated to each significant activity based on the net book value of property, plant and equipment used by the activity.

## Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example storm water, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

## Critical judgements in applying Council's accounting policies

Management has not been required to exercise any critical judgements in applying the Council's accounting policies for the period ended 30 June 2008.



## 2. RATES REVENUE

|                               | Council       |               | Group         |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| General rates                 | 49,851        | 48,692        | 49,666        | 48,692        |
| Targeted rate – water supply  | 10,085        | 9,611         | 10,085        | 9,611         |
| Targeted rate – wastewater    | 13,856        | 12,302        | 13,856        | 12,302        |
| Uniform annual general charge | –             | 1,105         | –             | 1,105         |
| <b>Total rates revenue</b>    | <b>73,792</b> | <b>71,710</b> | <b>73,607</b> | <b>71,710</b> |

### Rates remissions

Rates revenue is shown net of rates remissions, totalling \$799,390 (2007: \$1,153,000). The Council's rate remission policy (set out in detail in the LTCCP) allows the Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, a hospital, and land protected for historical or cultural purposes, provided the property is used for community benefit and not for profit. Rates remissions can also be considered for economic development reasons or where privately owned land is protected for conservation purposes.

**Non-rateable land:** Under the Local Government (Rating ) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

### Rates Remissions

|                           | Council       |               | Group         |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Schools                   | 165           | 148           | 165           | 148           |
| Kindergartens/playcentres | 10            | 17            | 10            | 17            |
| Sports bodies             | 3             | 2             | 3             | 2             |
| Churches                  | 28            | 26            | 28            | 26            |
| Hospitals                 | 16            | 15            | 16            | 15            |
| Economic Development      | 549           | 919           | 549           | 919           |
| Other                     | 6             | 8             | 6             | 8             |
| Flooding                  | 2             | 3             | 2             | 3             |
| Penalty remissions        | 20            | 15            | 20            | 15            |
| <b>Total</b>              | <b>799</b>    | <b>1,153</b>  | <b>799</b>    | <b>1,153</b>  |

### 3. USER CHARGES AND SUBSIDIES RECEIVED

|                                     | Council       |               | Group         |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>USER CHARGES</b>                 |               |               |               |               |
| Rent                                | 1,022         | 1,804         | 3,530         | 3,428         |
| Water by meter                      | 1,970         | 2,160         | 1,970         | 2,160         |
| Parking fees                        | 1,764         | 1,491         | 1,764         | 1,491         |
| Service and entry fees              | 2,762         | 2,482         | 2,762         | 2,482         |
| Solid waste collection and disposal | 11,188        | 9,210         | 11,188        | 9,210         |
| Other user charges                  | 843           | 729           | 843           | 737           |
| Regulatory revenue                  | 5,132         | 4,713         | 5,132         | 4,713         |
| Penalties                           | 1,880         | 1,941         | 1,880         | 1,941         |
| <b>Total user charges</b>           | <b>26,561</b> | <b>24,530</b> | <b>29,069</b> | <b>26,162</b> |
| <b>SUBSIDIES RECEIVED</b>           |               |               |               |               |
| Operating subsidies                 | 119           | 133           | 119           | 133           |
| LTNZ                                | 6,546         | 6,879         | 6,546         | 6,879         |
| Upper Hutt City Council             | 2,169         | 2,015         | 2,169         | 2,015         |
| Other government                    | 431           | 92            | 431           | 92            |
| Capital subsidies                   | 213           | 971           | 213           | 971           |
| <b>Total subsidies received</b>     | <b>9,478</b>  | <b>10,090</b> | <b>9,478</b>  | <b>10,090</b> |
| <b>OTHER REVENUE</b>                |               |               |               |               |
| Dividends                           | 31            | 29            | 31            | 29            |
| Vested assets                       | 1,836         | 982           | 1,836         | 982           |
| Petrol tax                          | 504           | 502           | 504           | 502           |
| Sale of goods                       | 602           | 556           | 754           | 680           |
| Miscellaneous revenue               | 1,619         | 901           | 1,590         | 308           |
| <b>Total other revenue</b>          | <b>4,592</b>  | <b>2,970</b>  | <b>4,715</b>  | <b>2,501</b>  |

There are no unfulfilled conditions or other contingences attached to LTNZ and other subsidies recognised.

#### 4. FINANCE REVENUE AND FINANCE COSTS

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>FINANCE REVENUE</b>                         |               |               |               |               |
| <b>Interest revenue</b>                        |               |               |               |               |
| – call and term deposits                       | 145           | 132           | 180           | 138           |
| – related party deposits                       | 21            | 18            | –             | –             |
| – community loans                              | 19            | 22            | 19            | 22            |
| <b>Total finance revenue</b>                   | <b>185</b>    | <b>172</b>    | <b>199</b>    | <b>160</b>    |
| <b>FINANCE COSTS</b>                           |               |               |               |               |
| <b>Interest expense</b>                        |               |               |               |               |
| – interest on bank borrowings                  | 6,089         | 5,601         | 6,460         | 5,651         |
| – related party borrowings                     | 21            | 3             | –             | 3             |
| – discount unwind on provisions (note 23)      | 296           | (36)          | 296           | (36)          |
| <b>Fair value gains on hedging instruments</b> |               |               |               |               |
| – fair value hedging instruments               | –             | –             | –             | –             |
| – fair value adjustment to bank borrowings     | –             | –             | –             | –             |
| <b>Total finance costs</b>                     | <b>6,406</b>  | <b>5,568</b>  | <b>6,756</b>  | <b>5,618</b>  |
| <b>NET FINANCE COSTS</b>                       | <b>6,221</b>  | <b>5,396</b>  | <b>6,557</b>  | <b>5,458</b>  |

#### 5. GAINS AND LOSSES

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Non-financial instruments</b>  |               |               |               |               |
| Property, plant and equipment gains on disposal                             | 283           | –             | 283           | –             |
| <b>Total non-financial instruments gains</b>                                | <b>283</b>    | <b>–</b>      | <b>283</b>    | <b>–</b>      |
| <b>Financial instruments</b>  |               |               |               |               |
| Fair value through equity investments gains on disposal                     | –             | –             | –             | –             |
| <b>Gains/(Losses) on held for trading derivative financial instruments:</b> |               |               |               |               |
| – interest rate swaps   | (352)         | 1,442         | (352)         | 1,442         |
| Ineffectiveness on fair value hedges  | –             | –             | –             | –             |
| <b>Total financial instruments gains/(losses)</b>                           | <b>(352)</b>  | <b>1,442</b>  | <b>(352)</b>  | <b>1,442</b>  |
| <b>TOTAL GAINS</b>  | <b>(69)</b>   | <b>1,442</b>  | <b>(69)</b>   | <b>1,442</b>  |

| <b>6. EMPLOYEE COSTS</b>                                 |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | <b>Council</b>        |                       | <b>Group</b>          |                       |
|  | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> |
| Salaries and wages                                       | 19,559                | 17,624                | 20,190                | 18,701                |
| Redundancy   | 17                    | 103                   | 17                    | 103                   |
| Recruitment costs  | 124                   | 159                   | 134                   | 214                   |
| Training   | 611                   | 476                   | 632                   | 479                   |
| ACC  | 198                   | 172                   | 202                   | 178                   |
| Other employee costs                                     | 141                   | 180                   | 158                   | (60)                  |
| Retiring and Long Service Leave                          | 322                   | 232                   | 322                   | 232                   |
| Defined contribution plan employer contributions         | 16                    | –                     | 16                    | –                     |
| Increase/(decrease) in employee entitlements/liabilities | 411                   | –                     | 427                   | –                     |
| <b>TOTAL EMPLOYEE COSTS</b>                              | <b>21,399</b>         | <b>18,946</b>         | <b>22,098</b>         | <b>19,847</b>         |

Employer contributions to defined contribution plans are the contributions to KiwiSaver.

| <b>7. OPERATING COSTS</b>                                 |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <b>Council</b>        |                       | <b>Group</b>          |                       |
|   | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> |
| <b>Auditors' fees</b>                                     |                       |                       |                       |                       |
| – for auditing the financial statements                   | 127                   | 132                   | 143                   | 132                   |
| – for auditing the Community Plan                         | –                     | 21                    | –                     | 21                    |
| – for auditing NZ IFRS transition                         | –                     | 22                    | –                     | 22                    |
| Impairment of receivables                                 | (115)                 | 16                    | (111)                 | 28                    |
| Directors' fees   | –                     | –                     | 108                   | 62                    |
| Entertainment   | 57                    | 97                    | 58                    | 97                    |
| Grants  | 1,155                 | 1,141                 | 1,155                 | 1,141                 |
| Donations   | 9                     | –                     | 9                     | –                     |
| Insurance   | 914                   | 1,022                 | 1,003                 | 1,072                 |
| Inventories   | 420                   | 218                   | 422                   | 222                   |
| Legal services  | 402                   | 371                   | 413                   | 388                   |
| Other specialist services                                 | 2,510                 | 2,911                 | 2,524                 | 2,981                 |
| Impairment of property, plant and equipment               | –                     | –                     | –                     | –                     |
| Total remuneration to councillors                         | 632                   | 634                   | 632                   | 634                   |
| Minimum lease payments under operating leases             | 802                   | 774                   | 836                   | 785                   |
| Gain on held for trading derivative financial instruments | –                     | –                     | –                     | –                     |
| Operational contracts                                     | 21,602                | 20,041                | 21,467                | 20,079                |
| Maintenance   | 8,700                 | 9,223                 | 8,947                 | 9,262                 |
| GWRC bulk water charges                                   | 5,938                 | 5,685                 | 5,938                 | 5,685                 |
| Energy costs  | 2,955                 | 2,859                 | 2,997                 | 2,897                 |
| Other expenses  | 11,541                | 12,238                | 11,957                | 11,943                |
| <b>TOTAL EXPENDITURE</b>                                  | <b>57,649</b>         | <b>57,405</b>         | <b>58,498</b>         | <b>57,451</b>         |

## 8. TAXATION

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Net surplus/(deficit) before tax                             | 5,736         | 6,408         | 5,598         | 6,326         |
| Prima facie tax @ 33%  | 1,893         | 2,115         | 1,847         | 2,088         |
| Non taxable income   | (1,893)       | (2,064)       | (1,847)       | (2,064)       |
| Losses not recognised  | –             | (51)          | –             | (24)          |
| Temporary differences not recognised/(previously recognised) | –             | –             | –             | –             |
| Prior period adjustments                                     | –             | –             | –             | –             |
| <b>INCOME TAX EXPENSE</b>                                    | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>Tax expense comprises:</b>                                |               |               |               |               |
| Current taxation   | –             | –             | –             | –             |
| Deferred taxation  | –             | –             | –             | –             |
| <b>TOTAL INCOME TAX EXPENSE</b>                              | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>DEFERRED TAX LIABILITY</b>                                |               |               |               |               |
| Balance at beginning of the year                             | –             | –             | –             | –             |
| Movements during the year                                    | –             | –             | –             | –             |
| <b>BALANCE AT END OF THE YEAR</b>                            | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>IMPUTATION CREDIT ACCOUNT</b>                             |               |               |               |               |
| Balance at beginning of the year                             | –             | –             | –             | –             |
| Income tax refund  | –             | –             | –             | –             |
| Interest withholding tax paid                                | –             | –             | –             | –             |
| Other movements during the year                              | –             | –             | –             | –             |
| <b>BALANCE AT END OF THE YEAR</b>                            | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |

## 9. CASH AND CASH EQUIVALENTS

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Cash at bank and on hand                             | 7             | 7,442         | 280           | 7,502         |
| Term deposits with maturities less than three months | –             | –             | –             | –             |
| <b>CASH AND CASH EQUIVALENTS</b>                     | <b>7</b>      | <b>7,442</b>  | <b>280</b>    | <b>7,502</b>  |

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The total value of cash and cash equivalents within restricted reserves that can only be used for specified purposes (as outlined in the relevant trust deeds) is \$57,000 (2007: \$57,000), as shown in note 24.

Cash, cash equivalent and bank overdrafts include the following for the purposes of the statement of cash flows.

|  | Note | Council       |               | Group         |               |
|--|------|---------------|---------------|---------------|---------------|
|  |      | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Cash at bank and on hand                             | 9    | 7             | 7,442         | 280           | 7,502         |
| Term deposits with maturities less than three months |      | –             | –             | –             | –             |
| Bank overdraft                                       | 21   | (204)         | (2,583)       | (146)         | (2,583)       |
| <b>TOTAL</b>   |      | <b>(197)</b>  | <b>4,859</b>  | <b>134</b>    | <b>4,919</b>  |

## 10. DEBTORS AND OTHER RECEIVABLES

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Rates receivable                           | 2,000         | 1,922         | 2,000         | 1,698         |
| Other receivables:                         |               |               |               |               |
| – GST due                                  | 2,253         | 1,009         | 2,253         | 1,009         |
| – Other receivables                        | 5,235         | 4,895         | 5,766         | 3,786         |
| <b>Total other receivables</b>             | <b>7,488</b>  | <b>5,904</b>  | <b>8,019</b>  | <b>4,795</b>  |
| <b>Gross debtors and other receivables</b> | <b>9,488</b>  | <b>7,826</b>  | <b>10,019</b> | <b>6,493</b>  |
| Less provision for impairment              | (317)         | (517)         | (335)         | –             |
| <b>TOTAL DEBTORS AND OTHER RECEIVABLES</b> | <b>9,171</b>  | <b>7,309</b>  | <b>9,684</b>  | <b>6,493</b>  |

### Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

### Impairment

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such repayments are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2007: \$nil).

The status of receivables as at 30 June 2008 and 2007 is detailed below:

|                          | 2008           |                     |              | 2007           |                     |              |
|--------------------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
|                          | Gross<br>\$000 | Impairment<br>\$000 | Net<br>\$000 | Gross<br>\$000 | Impairment<br>\$000 | Net<br>\$000 |
| <b>Rates Receivables</b> |                |                     |              |                |                     |              |
| <b>COUNCIL</b>           |                |                     |              |                |                     |              |
| Not past due             | –              | –                   | –            | –              | –                   | –            |
| Past due 1-60 days       | 1,149          | –                   | 1,149        | 848            | –                   | 848          |
| Past due 61-120 days     | 378            | –                   | 378          | 314            | –                   | 314          |
| Past due >120 days       | 473            | –                   | 473          | 760            | (224)               | 536          |
| <b>Total</b>             | <b>2,000</b>   | <b>–</b>            | <b>2,000</b> | <b>1,922</b>   | <b>(224)</b>        | <b>1,698</b> |
| <b>GROUP</b>             |                |                     |              |                |                     |              |
| Not past due             | –              | –                   | –            | –              | –                   | –            |
| Past due 1-60 days       | 1,149          | –                   | 1,149        | 848            | –                   | 848          |
| Past due 61-120 days     | 378            | –                   | 378          | 314            | –                   | 314          |
| Past due >120 days       | 473            | –                   | 473          | 536            | –                   | 536          |
| <b>Total</b>             | <b>2,000</b>   | <b>–</b>            | <b>2,000</b> | <b>1,698</b>   | <b>–</b>            | <b>1,698</b> |

| Other Receivables                  | 2008          |                  |              | 2007         |                  |              |
|------------------------------------|---------------|------------------|--------------|--------------|------------------|--------------|
|                                    | Gross \$000   | Impairment \$000 | Net \$000    | Gross \$000  | Impairment \$000 | Net \$000    |
| <b>COUNCIL</b>                     |               |                  |              |              |                  |              |
| Not past due                       | 7,019         | (90)             | 6,929        | 5,621        | (90)             | 5,531        |
| Past due 1-30 days                 | 181           | -                | 181          | 60           | -                | 60           |
| Past due 31-60 days                | 24            | -                | 24           | 25           | (5)              | 20           |
| Past due >60 days                  | 264           | (227)            | 37           | 198          | (198)            | -            |
| <b>Total</b>                       | <b>7,488</b>  | <b>(317)</b>     | <b>7,171</b> | <b>5,904</b> | <b>(293)</b>     | <b>5,611</b> |
| <b>GROUP</b>                       |               |                  |              |              |                  |              |
| Not past due                       | 7,550         | (90)             | 7,460        | 4,612        | -                | 4,612        |
| Past due 1-30 days                 | 181           | -                | 181          | 60           | -                | 60           |
| Past due 31-60 days                | 24            | -                | 24           | 25           | -                | 25           |
| Past due >60 days                  | 264           | (245)            | 19           | 98           | -                | 98           |
| <b>Total</b>                       | <b>8,019</b>  | <b>(335)</b>     | <b>7,684</b> | <b>4,795</b> | <b>-</b>         | <b>4,795</b> |
| <b>Total Receivables – Council</b> | <b>9,488</b>  | <b>(317)</b>     | <b>9,171</b> | <b>7,826</b> | <b>(517)</b>     | <b>7,309</b> |
| <b>Total Receivables – Group</b>   | <b>10,019</b> | <b>(335)</b>     | <b>9,684</b> | <b>6,493</b> | <b>-</b>         | <b>6,493</b> |

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors as detailed below:

|                                       | Council    |            | Group      |            |
|---------------------------------------|------------|------------|------------|------------|
|                                       | 2008 \$000 | 2007 \$000 | 2008 \$000 | 2007 \$000 |
| Individual impairment                 | 227        | 203        | 227        | -          |
| Collective impairment                 | 90         | 314        | 108        | -          |
| <b>Total provision for impairment</b> | <b>317</b> | <b>517</b> | <b>335</b> | <b>-</b>   |

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors follows:

|                                    | Council    |            | Group      |            |
|------------------------------------|------------|------------|------------|------------|
|                                    | 2008 \$000 | 2007 \$000 | 2008 \$000 | 2007 \$000 |
| Past due 1-30 days                 | -          | -          | -          | -          |
| Past due 31-60 days                | -          | -          | -          | -          |
| Past due > 60 days                 | 227        | 203        | 227        | -          |
| <b>Total individual impairment</b> | <b>227</b> | <b>203</b> | <b>227</b> | <b>-</b>   |

Movements in the provisions for impairment of receivables are as follows:

|  | Council    |            | Group      |            |
|--|------------|------------|------------|------------|
|  | 2008 \$000 | 2007 \$000 | 2008 \$000 | 2007 \$000 |
| At 1 July                                  | 517        | 557        | 517        | 572        |
| Additional provisions made during the year | 78         | 17         | 96         | (572)      |
| Provisions reversed during the year        | (224)      | (40)       | (224)      | -          |
| Receivables written-off during the period  | (54)       | (17)       | (54)       | -          |
| <b>At 30 June</b>                          | <b>317</b> | <b>517</b> | <b>335</b> | <b>-</b>   |

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

| 11. DERIVATIVE FINANCIAL INSTRUMENTS                     |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Council       |               | Group         |               |
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>CURRENT ASSET PORTION</b>                             |               |               |               |               |
| Interest rate swaps – fair value hedges                  | –             | –             | –             | –             |
| Interest rate swaps – cash flow hedges                   | –             | –             | –             | –             |
| Interest rate swaps – held for trading                   | 1,619         | 2,714         | 1,619         | 2,714         |
| <b>Total current asset portion</b>                       | <b>1,619</b>  | <b>2,714</b>  | <b>1,619</b>  | <b>2,714</b>  |
| <b>NON-CURRENT ASSET PORTION</b>                         |               |               |               |               |
| Interest rate swaps – fair value hedges                  | –             | –             | –             | –             |
| Interest rate swaps – cash flow hedges                   | –             | –             | –             | –             |
| Interest rate swaps – held for trading                   | –             | –             | –             | –             |
| <b>Total non-current asset portion</b>                   | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>Total derivative financial instrument assets</b>      | <b>1,619</b>  | <b>2,714</b>  | <b>1,619</b>  | <b>2,714</b>  |
| <b>CURRENT LIABILITY PORTION</b>                         |               |               |               |               |
| Interest rate swaps – fair value hedges                  | –             | –             | –             | –             |
| Interest rate swaps – held for trading                   | 767           | 1,510         | 767           | 1,510         |
| Forward foreign exchange contracts – held for trading    | –             | –             | –             | –             |
| <b>Total current liability portion</b>                   | <b>767</b>    | <b>1,510</b>  | <b>767</b>    | <b>1,510</b>  |
| <b>NON-CURRENT LIABILITY PORTION</b>                     |               |               |               |               |
| Interest rate swaps – held for trading                   | –             | –             | –             | –             |
| <b>Total non-current liability portion</b>               | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>Total derivative financial instrument liabilities</b> | <b>767</b>    | <b>1,510</b>  | <b>767</b>    | <b>1,510</b>  |
| <b>TOTAL DERIVATIVE FINANCIAL INSTRUMENTS</b>            | <b>852</b>    | <b>1,204</b>  | <b>852</b>    | <b>1,204</b>  |

#### Fair value

The fair value of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices.

#### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$42,000,000 (2007: \$42,000,000) and for the Group were \$42,000,000 (2007: \$42,000,000). At 30 June 2008, the fixed interest rates of cash flow hedges interest rate swaps vary from 5.61% to 7.25% (2007: 5.73% to 7.25%).

| 12. INVENTORIES                              |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Council       |               | Group         |               |
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Commercial inventories held for sale:</b> |               |               |               |               |
| Diesel                                       | –             | –             | 8             | 2             |
| Inventory                                    | 14            | 14            | 14            | 14            |
|  | <b>14</b>     | <b>14</b>     | <b>22</b>     | <b>16</b>     |

No inventories are pledged as security for liabilities (2007: \$nil). However, some inventories are subject to retention of title clause.

#### Commercial inventories

Are valued at cost, as there are no impairments of the inventories.



### 13. NON-CURRENT ASSETS HELD FOR SALE

The Council owned land listed below has been presented as held for sale following the approval by Council to sell the premises. The Council has approved the sale of the premises, as it will provide no future use to the Council.

| Item   | Approved on  | Expected sale completion date | Council       |               | Group         |               |
|--|--------------|-------------------------------|---------------|---------------|---------------|---------------|
|  |              |                               | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Akatarawa cemetery                                 | 27 June 2008 | 1 July 2008                   |               |               |               |               |
| <b>Non-current assets held for sale are:</b>       |              |                               |               |               |               |               |
| – land   |              |                               | 308           | –             | 308           | –             |
| – buildings  |              |                               | –             | –             | –             | –             |
| <b>Total non-current assets held for sale are:</b> |              |                               | <b>308</b>    | <b>–</b>      | <b>308</b>    | <b>–</b>      |

The Council has an agreement with Upper Hutt City Council to commence joint provision of services at the Akatarawa cemetery from 1 July 2008. On this date the Council sold and purchased equal valued land to and from Upper Hutt City Council.

### 14. PROPERTY, PLANT AND EQUIPMENT

| COUNCIL                             |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
|-------------------------------------|----------------|---|-----------------|------------------------|------------------------|---------------------------------------|---------------------------------|---------------------------|---------------------|----------------|---|-----------------|
|                                     | Cost/valuation | Accumulated depreciation and impairment charges | Carrying amount | Current year additions | Current year disposals | Accumulated depreciation on disposals | Current year impairment charges | Current year depreciation | Revaluation surplus | Cost/valuation | Accumulated depreciation and impairment charges | Carrying amount |
| 2008                                |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>Operational assets</b>           |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Land                                | 33,351         | –   | 33,351          | 701                    | –                      | –                                     | –                               | –                         | –                   | 34,052         | –   | 34,052          |
| Buildings                           | 61,956         | (2,575)   | 59,381          | 122                    | –                      | –                                     | –                               | (2,904)                   | –                   | 62,078         | (5,479)   | 56,599          |
| Library books                       | 2,943          | (615)   | 2,328           | 738                    | –                      | –                                     | –                               | (605)                     | –                   | 3,681          | (1,220)   | 2,461           |
| Collections                         | 1,818          | (1)   | 1,817           | 34                     | –                      | –                                     | –                               | –                         | –                   | 1,852          | (1)   | 1,851           |
| Plant and equipment                 | 21,101         | (8,992)   | 12,109          | 2,578                  | (618)                  | 308                                   | –                               | (1,662)                   | –                   | 23,061         | (10,346)  | 12,715          |
| <b>Total operational assets</b>     | <b>121,169</b> | <b>(12,183)</b>                                 | <b>108,986</b>  | <b>4,173</b>           | <b>(618)</b>           | <b>308</b>                            | <b>–</b>                        | <b>(5,171)</b>            | <b>–</b>            | <b>124,724</b> | <b>(17,046)</b>                                 | <b>107,678</b>  |
| <b>Infrastructural assets</b>       |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Waste water system                  | 220,489        | (6,791)   | 213,698         | 3,100                  | –                      | –                                     | –                               | (6,866)                   | –                   | 223,589        | (13,657)  | 209,932         |
| Less UHCC share in HVS assets       | (38,364)       | 1,219   | (37,145)        | (711)                  | –                      | –                                     | –                               | 1,273                     | –                   | (39,075)       | 2,492   | (36,583)        |
|                                     | <b>182,125</b> | <b>(5,572)</b>                                  | <b>176,553</b>  | <b>2,389</b>           | <b>–</b>               | <b>–</b>                              | <b>–</b>                        | <b>(5,593)</b>            | <b>–</b>            | <b>184,514</b> | <b>(11,165)</b>                                 | <b>173,349</b>  |
| Land                                | 160,217        | –   | 160,217         | 498                    | (585)                  | –                                     | –                               | –                         | –                   | 160,130        | –   | 160,130         |
| Storm water system                  | 130,590        | (2,139)   | 128,451         | 6,579                  | –                      | –                                     | –                               | (2,249)                   | –                   | 137,169        | (4,388)   | 132,781         |
| Water supply system                 | 93,153         | (2,504)   | 90,649          | 2,607                  | –                      | –                                     | –                               | (2,551)                   | –                   | 95,760         | (5,055)   | 90,705          |
| Roading network                     | 280,590        | (7,036)   | 273,554         | 8,517                  | –                      | –                                     | –                               | (7,029)                   | –                   | 289,107        | (14,065)  | 275,042         |
| Seawalls                            | 3,293          | (58)  | 3,235           | –                      | –                      | –                                     | –                               | (58)                      | –                   | 3,293          | (116)   | 3,177           |
| <b>Total Infrastructural assets</b> | <b>849,968</b> | <b>(17,309)</b>                                 | <b>832,659</b>  | <b>20,590</b>          | <b>(585)</b>           | <b>–</b>                              | <b>–</b>                        | <b>(17,480)</b>           | <b>–</b>            | <b>869,973</b> | <b>(34,789)</b>                                 | <b>835,184</b>  |

| COUNCIL                                    |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
|--|------------------|---|------------------|------------------------|------------------------|---------------------------------------|---------------------------------|---------------------------|---------------------|------------------|---|------------------|
|  | Cost/valuation   | Accumulated depreciation and impairment charges | Carrying amount  | Current year additions | Current year disposals | Accumulated depreciation on disposals | Current year impairment charges | Current year depreciation | Revaluation surplus | Cost/valuation   | Accumulated depreciation and impairment charges | Carrying amount  |
| 2008                                       |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| <b>Restricted assets</b>                   |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Land                                       | 85,454           | -   | 85,454           | 40                     | (348)                  |                                       | -                               | -                         | -                   | 85,146           | -   | 85,146           |
| <b>Total Restricted assets</b>             | <b>85,454</b>    | <b>-</b>  | <b>85,454</b>    | <b>40</b>              | <b>(348)</b>           | <b>-</b>                              | <b>-</b>                        | <b>-</b>                  | <b>-</b>            | <b>85,146</b>    | <b>-</b>  | <b>85,146</b>    |
| <b>Joint venture assets</b>                |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Share of PPE                               | 152              | (41)  | 111              | -                      | -                      |                                       | -                               | (15)                      | -                   | 152              | (56)  | 96               |
| <b>Total joint venture assets</b>          | <b>152</b>       | <b>(41)</b>                                     | <b>111</b>       | <b>-</b>               | <b>-</b>               | <b>-</b>                              | <b>-</b>                        | <b>(15)</b>               | <b>-</b>            | <b>152</b>       | <b>(56)</b>                                     | <b>96</b>        |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b> | <b>1,056,743</b> | <b>(29,533)</b>                                 | <b>1,027,210</b> | <b>24,803</b>          | <b>(1,551)</b>         | <b>308</b>                            | <b>-</b>                        | <b>(22,666)</b>           | <b>-</b>            | <b>1,079,995</b> | <b>(51,891)</b>                                 | <b>1,028,104</b> |

|  | Cost/valuation   | Accumulated depreciation and impairment charges | Carrying amount  |
|--|------------------|---|------------------|
| 2007                                       |                  |   |                  |
| <b>OPERATIONAL ASSETS</b>                  |                  |   |                  |
| Land                                       | 33,351           | -   | 33,351           |
| Buildings                                  | 61,956           | (2,575)   | 59,381           |
| Library books                              | 2,943            | (615)   | 2,328            |
| Collections                                | 1,818            | (1)   | 1,817            |
| Plant and equipment                        | 21,101           | (8,992)   | 12,109           |
| <b>Total operational assets</b>            | <b>121,169</b>   | <b>(12,183)</b>                                 | <b>108,986</b>   |
| <b>INFRASTRUCTURAL ASSETS</b>              |                  |   |                  |
| Waste water system                         | 220,489          | (6,791)   | 213,698          |
| Less UHCC interest                         | (38,364)         | 1,219   | (37,145)         |
|  | <b>182,125</b>   | <b>(5,572)</b>                                  | <b>176,553</b>   |
| Land                                       | 160,217          | -   | 160,217          |
| Storm water system                         | 130,590          | (2,139)   | 128,451          |
| Water supply system                        | 93,153           | (2,504)   | 90,649           |
| Roading network                            | 280,590          | (7,036)   | 273,554          |
| Seawalls                                   | 3,293            | (58)  | 3,235            |
| <b>Total Infrastructural assets</b>        | <b>849,968</b>   | <b>(17,309)</b>                                 | <b>832,659</b>   |
| <b>RESTRICTED ASSETS</b>                   |                  |   |                  |
| Land                                       | 85,454           | -   | 85,454           |
| <b>Total Restricted assets</b>             | <b>85,454</b>    | <b>-</b>  | <b>85,454</b>    |
| <b>JOINT VENTURE ASSETS</b>                |                  |   |                  |
| Share of PPE                               | 152              | (41)  | 111              |
| <b>Total joint venture assets</b>          | <b>152</b>       | <b>(41)</b>                                     | <b>111</b>       |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b> | <b>1,056,743</b> | <b>(29,533)</b>                                 | <b>1,027,210</b> |

| GROUP                                      |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
|--|------------------|---|------------------|------------------------|------------------------|---------------------------------------|---------------------------------|---------------------------|---------------------|------------------|---|------------------|
|  | Cost/valuation   | Accumulated depreciation and impairment charges | Carrying amount  | Current year additions | Current year disposals | Accumulated depreciation on disposals | Current year impairment charges | Current year depreciation | Revaluation surplus | Cost/valuation   | Accumulated depreciation and impairment charges | Carrying amount  |
| 2008                                       |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| <b>Operational Assets</b>                  |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Land                                       | 33,351           | –   | 33,351           | 701                    | –                      | –                                     | –                               | –                         | –                   | 34,052           | –   | 34,052           |
| Buildings                                  | 61,956           | (2,575)   | 59,381           | 122                    | –                      | –                                     | –                               | (2,904)                   | –                   | 62,078           | (5,479)   | 56,599           |
| Library books                              | 2,943            | (615)   | 2,328            | 738                    | –                      | –                                     | –                               | (605)                     | –                   | 3,681            | (1,220)   | 2,461            |
| Collections                                | 1,818            | (1)   | 1,817            | 34                     | –                      | –                                     | –                               | –                         | –                   | 1,852            | (1)   | 1,851            |
| Plant and equipment                        | 21,101           | (8,992)   | 12,109           | 2,578                  | (618)                  | 308                                   | –                               | (1,662)                   | –                   | 23,061           | (10,346)  | 12,715           |
| Seaview Marina                             | 1,778            | (217)   | 1,561            | 148                    | –                      | –                                     | –                               | (72)                      | –                   | 1,926            | (289)   | 1,637            |
| Piers and berths                           | 2,080            | (301)   | 1,779            | 10                     | –                      | –                                     | –                               | (84)                      | –                   | 2,090            | (385)   | 1,705            |
| Urban Plus Limited                         | 16,194           | (88)  | 16,106           | 14                     | –                      | –                                     | –                               | (532)                     | –                   | 16,208           | (620)   | 15,588           |
| <b>Total operational assets</b>            | <b>141,221</b>   | <b>(12,789)</b>                                 | <b>128,432</b>   | <b>4,345</b>           | <b>(618)</b>           | <b>308</b>                            | <b>–</b>                        | <b>(5,859)</b>            | <b>–</b>            | <b>144,948</b>   | <b>(18,340)</b>                                 | <b>126,608</b>   |
| <b>Infrastructural Assets</b>              |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Waste water system                         | 220,489          | (6,791)   | 213,698          | 3,100                  | –                      | –                                     | –                               | (6,866)                   | –                   | 223,589          | (13,657)  | 209,932          |
| Less UHCC share in HVS assets              | (38,364)         | 1,219   | (37,145)         | (711)                  | –                      | –                                     | –                               | 1,273                     | –                   | (39,075)         | 2,492   | (36,583)         |
|  | <b>182,125</b>   | <b>(5,572)</b>                                  | <b>176,553</b>   | <b>2,389</b>           | <b>–</b>               | <b>–</b>                              | <b>–</b>                        | <b>(5,593)</b>            | <b>–</b>            | <b>184,514</b>   | <b>(11,165)</b>                                 | <b>173,349</b>   |
| Land                                       | 160,217          | –   | 160,217          | 498                    | (585)                  | –                                     | –                               | –                         | –                   | 160,130          | –   | 160,130          |
| Storm water system                         | 130,590          | (2,139)   | 128,451          | 6,579                  | –                      | –                                     | –                               | (2,249)                   | –                   | 137,169          | (4,388)   | 132,781          |
| Water supply system                        | 93,153           | (2,504)   | 90,649           | 2,607                  | –                      | –                                     | –                               | (2,551)                   | –                   | 95,760           | (5,055)   | 90,705           |
| Roading network                            | 280,590          | (7,036)   | 273,554          | 8,517                  | –                      | –                                     | –                               | (7,029)                   | –                   | 289,107          | (14,065)  | 275,042          |
| Seawalls                                   | 3,293            | (58)  | 3,235            | –                      | –                      | –                                     | –                               | (58)                      | –                   | 3,293            | (116)   | 3,177            |
| <b>Total infrastructural assets</b>        | <b>849,968</b>   | <b>(17,309)</b>                                 | <b>832,659</b>   | <b>20,590</b>          | <b>(585)</b>           | <b>–</b>                              | <b>–</b>                        | <b>(17,480)</b>           | <b>–</b>            | <b>869,973</b>   | <b>(34,789)</b>                                 | <b>835,184</b>   |
| <b>Restricted Assets</b>                   |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Land                                       | 85,454           | –   | 85,454           | 40                     | (348)                  | –                                     | –                               | –                         | –                   | 85,146           | –   | 85,146           |
| <b>Total Restricted assets</b>             | <b>85,454</b>    | <b>–</b>  | <b>85,454</b>    | <b>40</b>              | <b>(348)</b>           | <b>–</b>                              | <b>–</b>                        | <b>–</b>                  | <b>–</b>            | <b>85,146</b>    | <b>–</b>  | <b>85,146</b>    |
| <b>Joint Venture Assets</b>                |                  |   |                  |                        |                        |                                       |                                 |                           |                     |                  |   |                  |
| Share of PPE                               | 152              | (41)  | 111              | –                      | –                      | –                                     | –                               | (15)                      | –                   | 152              | (56)  | 96               |
| <b>Total joint venture assets</b>          | <b>152</b>       | <b>(41)</b>                                     | <b>111</b>       | <b>–</b>               | <b>–</b>               | <b>–</b>                              | <b>–</b>                        | <b>(15)</b>               | <b>–</b>            | <b>152</b>       | <b>(56)</b>                                     | <b>96</b>        |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b> | <b>1,076,795</b> | <b>(30,139)</b>                                 | <b>1,046,656</b> | <b>24,975</b>          | <b>(1,551)</b>         | <b>308</b>                            | <b>–</b>                        | <b>(23,354)</b>           | <b>–</b>            | <b>1,100,219</b> | <b>(53,185)</b>                                 | <b>1,047,034</b> |

|  | Cost/<br>valuation | Accumulated<br>depreciation<br>and impairment<br>charges | Carrying<br>amount |
|--|--------------------|--|--------------------|
| <b>2007</b>                                |                    |  |                    |
| <b>OPERATIONAL ASSETS</b>                  |                    |  |                    |
| Land                                       | 33,351             | –  | 33,351             |
| Buildings                                  | 61,956             | (2,575)  | 59,381             |
| Library books                              | 2,943              | (615)  | 2,328              |
| Collections                                | 1,818              | (1)  | 1,817              |
| Plant and equipment                        | 21,101             | (8,992)  | 12,109             |
| Seaview Marina                             | 1,778              | (217)  | 1,561              |
| Piers and berths                           | 2,080              | (301)  | 1,779              |
| Urban Plus Limited                         | 16,194             | (88)   | 16,106             |
| <b>Total operational assets</b>            | <b>141,221</b>     | <b>(12,789)</b>  | <b>128,432</b>     |
| <b>INFRASTRUCTURAL ASSETS</b>              |                    |  |                    |
| Waste water system                         | 220,489            | (6,791)  | 213,698            |
| Less UHCC interest                         | (38,364)           | 1,219  | (37,145)           |
|  | <b>182,125</b>     | <b>(5,572)</b>   | <b>176,553</b>     |
| Land                                       | 160,217            | –  | 160,217            |
| Storm water system                         | 130,590            | (2,139)  | 128,451            |
| Water supply system                        | 93,153             | (2,504)  | 90,649             |
| Roading network                            | 280,590            | (7,036)  | 273,554            |
| Seawalls                                   | 3,293              | (58)   | 3,235              |
| <b>Total infrastructural assets</b>        | <b>849,968</b>     | <b>(17,309)</b>  | <b>832,659</b>     |
| <b>RESTRICTED ASSETS</b>                   |                    |  |                    |
| Land                                       | 85,454             | –  | 85,454             |
| <b>Total Restricted assets</b>             | <b>85,454</b>      | <b>–</b>   | <b>85,454</b>      |
| <b>JOINT VENTURE ASSETS</b>                |                    |  |                    |
| Share of PPE                               | 152                | (41)   | 111                |
| <b>Total joint venture assets</b>          | <b>152</b>         | <b>(41)</b>  | <b>111</b>         |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b> | <b>1,076,795</b>   | <b>(30,139)</b>  | <b>1,046,656</b>   |

## VALUATION

### Operational and restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuations are as follows: land and buildings, was performed by Kerry Stewart Val Prof Urb MBA. PG Dip Env Auditing, Registered Valuer, ANZIV, SPINZ, of Quotable Value New Zealand, and the valuation is effective as at 30 June 2006. Wharves valuation was performed by Ian Macallan & Co Limited as at 30 June 1990.

### Landfills

At fair value as determined from market-based evidence by an independent valuer. Wainuiomata and Silverstream landfills were valued by Quotable Value New Zealand as at 30 June 2006. The valuer was Kerry Stewart Val Prof Urb MBA. PG Dip Env Auditing, Registered Valuer, ANZIV, SPINZ.

### Infrastructural assets

At fair value as determined from market-based evidence by an independent valuer. Infrastructure land under roads were valued by Quotable Value New Zealand as at 30 June 2006. The valuer was Kerry Stewart Val Prof Urb MBA. PG Dip Env Auditing, Registered Valuer, ANZIV, SPINZ. Other infrastructure assets were valued by Maunsell Limited as at 30 June 2006, the valuer was Graeme Hughson BE (Civil) DipMgmt CPEng MIPENZ.

### Library literary assets

Library literary assets were valued at fair value as determined from market-based evidence by library staff who are specialised in this area as at 30 June 2006.

### Assets held by Subsidiaries

Assets held by Seaview Marina and Urban Plus Limited are recorded at deemed cost or actual cost and are not revalued.

| 15. INTANGIBLE ASSETS                   |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
|---|----------------|---|-----------------|------------------------|------------------------|---------------------------------------|---------------------------------|---------------------------|---------------------|----------------|---|-----------------|
| COUNCIL                                 |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
|   | Cost/valuation | Accumulated depreciation and impairment charges | Carrying amount | Current year additions | Current year disposals | Accumulated depreciation on disposals | Current year impairment charges | Current year amortisation | Revaluation surplus | Cost/valuation | Accumulated amortisation and impairment charges | Carrying amount |
| <b>Intangibles – 2008</b>               |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Software                                | 3,793          | (2,346)   | 1,447           | 1,148                  | –                      | –                                     | –                               | (683)                     | –                   | 4,941          | (3,029)   | 1,912           |
|   | <b>3,793</b>   | <b>(2,346)</b>                                  | <b>1,447</b>    | <b>1,148</b>           | <b>–</b>               | <b>–</b>                              | <b>–</b>                        | <b>(683)</b>              | <b>–</b>            | <b>4,941</b>   | <b>(3,029)</b>                                  | <b>1,912</b>    |
| <b>Intangibles – 2007</b>               |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Software                                | 4,102          | (2,681)   | 1,421           | 509                    | (818)                  | 818                                   | –                               | (483)                     | –                   | 3,793          | (2,346)   | 1,447           |
|   | <b>4,102</b>   | <b>(2,681)</b>                                  | <b>1,421</b>    | <b>509</b>             | <b>(818)</b>           | <b>818</b>                            | <b>–</b>                        | <b>(483)</b>              | <b>–</b>            | <b>3,793</b>   | <b>(2,346)</b>                                  | <b>1,447</b>    |
| <b>GROUP</b>                            |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>Intangibles – 2008</b>               |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Software                                | 3,854          | (2,380)   | 1,474           | 1,157                  | –                      | –                                     | –                               | (696)                     | –                   | 5,011          | (3,076)   | 1,935           |
|   | <b>3,854</b>   | <b>(2,380)</b>                                  | <b>1,474</b>    | <b>1,157</b>           | <b>–</b>               | <b>–</b>                              | <b>–</b>                        | <b>(696)</b>              | <b>–</b>            | <b>5,011</b>   | <b>(3,076)</b>                                  | <b>1,935</b>    |
| <b>Intangibles – 2007</b>               |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Software                                | 4,139          | (2,709)   | 1,430           | 533                    | (818)                  | 818                                   | –                               | (489)                     | –                   | 3,854          | (2,380)   | 1,474           |
|   | <b>4,139</b>   | <b>(2,709)</b>                                  | <b>1,430</b>    | <b>533</b>             | <b>(818)</b>           | <b>818</b>                            | <b>–</b>                        | <b>(489)</b>              | <b>–</b>            | <b>3,854</b>   | <b>(2,380)</b>                                  | <b>1,474</b>    |
| 16. INVESTMENT IN SUBSIDIARIES          |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
|   | Council        |   | Group           |                        |                        |                                       |                                 |                           |                     |                |   |                 |
|   | 2008<br>\$000  | 2007<br>\$000                                   | 2008<br>\$000   | 2007<br>\$000          |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>SEAVIEW MARINA LIMITED</b>           |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Balance at beginning of the year        | 2,495          | 2,495   | –               | –                      |                        |                                       |                                 |                           |                     |                |   |                 |
| New Shares issued                       | –              | –   | –               | –                      |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>BALANCE AT END OF THE YEAR</b>       | <b>2,495</b>   | <b>2,495</b>                                    | <b>–</b>        | <b>–</b>               |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>HUTT HOLDINGS LIMITED</b>            |                |   |                 |                        |                        |                                       |                                 |                           |                     |                |   |                 |
| Balance at beginning of the year        | 12,050         | 12,050  | –               | –                      |                        |                                       |                                 |                           |                     |                |   |                 |
| New Shares issued                       | –              | –   | –               | –                      |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>BALANCE AT END OF THE YEAR</b>       | <b>12,050</b>  | <b>12,050</b>                                   | <b>–</b>        | <b>–</b>               |                        |                                       |                                 |                           |                     |                |   |                 |
| <b>TOTAL INVESTMENT IN SUBSIDIARIES</b> | <b>14,545</b>  | <b>14,545</b>                                   | <b>–</b>        | <b>–</b>               |                        |                                       |                                 |                           |                     |                |   |                 |

Hutt Holdings Limited and Seaview Marina Limited are 100% owned subsidiaries.

## 17. INVESTMENT IN ASSOCIATES

Capacity, the trading name for Wellington Water Management Limited, was jointly created with Wellington City Council on 9 July 2003 and has a balance date of 30 June. The nature of the business is to jointly manage the water services for Lower Hutt and Wellington cities. The two Councils each own Class A and Class B shares in the company.

The Class A shares represent voting rights and are split evenly between the two Councils. The Class B shares confer the level of contributions and ownership between each council. Hutt City Council holds 112 Class B shares, and Wellington City Council holds 188. The company is considered to be jointly controlled because of the equal share of voting rights conferred through the Class A shares and is therefore an associate of both Hutt City Council and Wellington City Council in accordance with IAS 28: Investments in Associates. Each Council will equity account for their respective ownership interest as determined by the proportionate value of Class A and Class B shares held. Hutt City Council's ownership interest in the company is 37%.

|   | Shares on issue | Hutt City | Wellington City |
|---|-----------------|-----------|-----------------|
| Class A shares (voting entitlements)    | 300             | 150       | 150             |
| Class B shares (financial entitlements) | 300             | 112       | 188             |

Capacity is an unlisted company and accordingly there are no published price quotations to determine the fair value of the Council's investment in Capacity.

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>CAPACITY</b>                        |               |               |               |               |
| Balance at beginning of the year       | 224           | 224           | 224           | 224           |
| New Shares Issued                      | –             | –             | –             | –             |
| Share of operating surplus / (deficit) | –             | –             | –             | –             |
| <b>BALANCE AT END OF THE YEAR</b>      | <b>224</b>    | <b>224</b>    | <b>224</b>    | <b>224</b>    |

|                          | Total Capacity           |                          | Council Share            |                          | Group Share              |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                          | 30 June<br>2008<br>\$000 | 30 June<br>2007<br>\$000 | 30 June<br>2008<br>\$000 | 30 June<br>2007<br>\$000 | 30 June<br>2008<br>\$000 | 30 June<br>2007<br>\$000 |
| Revenue                  | 5,423                    | –                        | 2,205                    | –                        | 2,205                    | –                        |
| General Expenditure      | 1,323                    | –                        | 538                      | –                        | 538                      | –                        |
| Personnel Expenditure    | 4,165                    | –                        | 1,694                    | –                        | 1,694                    | –                        |
| Depreciation and other   | 20                       | –                        | 8                        | –                        | 8                        | –                        |
| <b>Total expenditure</b> | <b>5,508</b>             | <b>–</b>                 | <b>2,240</b>             | <b>–</b>                 | <b>2,240</b>             | <b>–</b>                 |
| <b>TOTAL (DEFICIT)</b>   | <b>(85)</b>              | <b>–</b>                 | <b>(35)</b>              | <b>–</b>                 | <b>(35)</b>              | <b>–</b>                 |

## 18. OTHER FINANCIAL ASSETS

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>OTHER ASSETS – CURRENT PORTION</b>                       |               |               |               |               |
| Sinking funds   | 273           | 252           | 273           | 252           |
| <b>Total other assets – current portion</b>                 | <b>273</b>    | <b>252</b>    | <b>273</b>    | <b>252</b>    |
| <b>OTHER ASSETS – NON-CURRENT PORTION</b>                   |               |               |               |               |
| NZ Local Government Insurance Company                       | 234           | 234           | 234           | 234           |
| Community and development loans                             | 390           | 422           | 390           | 422           |
| Smartlinx 3 Limited   | 375           | 375           | 375           | 375           |
| Provision for impairment of community and development loans | (324)         | (294)         | (324)         | (294)         |
| <b>Total other assets – non-current portion</b>             | <b>675</b>    | <b>737</b>    | <b>675</b>    | <b>737</b>    |
| <b>TOTAL OTHER ASSETS</b>                                   | <b>948</b>    | <b>989</b>    | <b>948</b>    | <b>989</b>    |

### Community and development loans

The fair value of community and development loans is \$66,000 (2007: \$128,000). Fair value has been determined using cash flows discounted at a rate based on the loans recipient's financial risk factors of between 69-100% (2007: 26-100%).

The face value of community and development loans is \$390,000 (2007: \$422,000).

### Impairment

There have been impairments provisions made on community and development loans due to the financial risks of the payees.

### Unlisted shares

The fair value of unlisted shares of Smartlinx and NZ Local Government Insurance Company have been determined using historical cost.

## 19. JOINT VENTURE

Council has a 7% participating interest in the Silverstream Gas Joint Venture. The principal activity of the joint venture is converting gas from the Silverstream landfill, owned by the Council, into electricity for the Hutt Valley also reducing the emissions of gas. The joint venture's unaudited results for the year ended 30 June 2008 are included in these Financial Statements under the classifications shown below:

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>SHARE OF ASSETS EMPLOYED</b>         |               |               |               |               |
| Share of revenue                        | 119           | 55            | 119           | 55            |
| Share of expenses                       | (78)          | (81)          | (78)          | (81)          |
| <b>SHARE OF NET SURPLUS / (DEFICIT)</b> | <b>41</b>     | <b>(26)</b>   | <b>41</b>     | <b>(26)</b>   |
| Share of property, plant and equipment  | 96            | 111           | 96            | 111           |
| Share of accounts receivable            | 124           | 72            | 124           | 72            |
| Share of accounts payable               | (3)           | (6)           | (3)           | (6)           |
| <b>TOTAL SHARE OF ASSETS EMPLOYED</b>   | <b>217</b>    | <b>177</b>    | <b>217</b>    | <b>177</b>    |

There were no capital commitments, contingent assets or contingent liabilities owing at balance date (2007: \$nil)

## 20. CREDITORS AND OTHER PAYABLES

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Trade and other payables                   | 7,131         | 5,761         | 7,131         | 5,840         |
| Deposits and bonds                         | 416           | 405           | 419           | 405           |
| Accrued expenses                           | 9,989         | 9,097         | 10,067        | 10,864        |
| Amounts due to related parties (note 29)   | 14            | 144           | –             | –             |
| Rates in advance                           | 594           | 576           | 594           | 576           |
| Amounts due to customers for contract work | 1,598         | 1,556         | 1,598         | –             |
|  | <b>19,742</b> | <b>17,539</b> | <b>19,809</b> | <b>17,685</b> |

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximate their fair value.

## 21. BORROWINGS

These are loans raised by Council for its various activities and projects. The details are:

|                                  | Council       |               | Group         |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>CURRENT PORTION</b>           |               |               |               |               |
| Bank overdraft                   | 204           | 2,583         | 146           | 2,583         |
| Secured loans – Current          | 35,900        | 47,110        | 39,900        | 51,410        |
| <b>Total current portion</b>     | <b>36,104</b> | <b>49,693</b> | <b>40,046</b> | <b>53,993</b> |
| <b>NON-CURRENT PORTION</b>       |               |               |               |               |
| Secured loans – Non-current      | 45,231        | 35,266        | 45,231        | 35,266        |
| <b>Total non-current portion</b> | <b>45,231</b> | <b>35,266</b> | <b>45,231</b> | <b>35,266</b> |
| <b>TOTAL BORROWING</b>           | <b>81,335</b> | <b>84,959</b> | <b>85,277</b> | <b>89,259</b> |

### Term Liability Maturity Profile

|                          | Interest cost |               | Council       |               | Group         |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                          | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>Years of Maturity</b> |               |               |               |               |               |               |
| 2007/2008                | –             | 4,015         | –             | 47,110        | –             | 51,410        |
| 2008/2009                | 2,181         | –             | 35,900        | 13            | 39,900        | 13            |
| 2009/2010                | 1,349         | 833           | 15,002        | 15,003        | 15,002        | 15,003        |
| 2010/2011                | 3             | 2             | 46            | 51            | 46            | 51            |
| 2011/2012                | 887           | –             | 10,072        | 20,199        | 10,072        | 20,199        |
| 2011 onwards             | 1,690         | 718           | 20,111        | –             | 20,111        | –             |
| <b>TOTAL BORROWINGS</b>  | <b>6,110</b>  | <b>5,568</b>  | <b>81,131</b> | <b>82,376</b> | <b>85,131</b> | <b>86,676</b> |

### Secured loans

The Council's secured debt of \$81.131million (2007: \$82.376 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 3.5% to 9.12%.



## Security

A debenture trust deed has been established and Perpetual Trust Limited appointed as Trustee. All borrowing is secured by a charge over all rating in favour of the Trustee.

Council has a \$25 million (2007: \$25 million) wholesale advance facility with WestpacTrust and a \$25 million (2007: \$25 million) wholesale facility with ANZ Banking Group. As at 30 June 2008 a total of \$35.9 million had been drawn against these facilities. The Facilities are secured under the Debenture Trust Deed.

| 22. EMPLOYEE ENTITLEMENTS          |               |               |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | Council       |               | Group         |               |
|                                    | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>CURRENT PORTION</b>             |               |               |               |               |
| Accrued Salaries and Wages         | 93            | –             | 93            | –             |
| Time in lieu                       | 20            | 14            | 20            | 14            |
| Annual leave                       | 1,601         | 1,356         | 1,646         | 1,397         |
| Retirement and Long Service Leave  | 56            | –             | 56            | –             |
| Sick Leave                         | 58            | 42            | 58            | 42            |
| <b>Total Current portion</b>       | <b>1,828</b>  | <b>1,412</b>  | <b>1,873</b>  | <b>1,453</b>  |
| <b>NON-CURRENT PORTION</b>         |               |               |               |               |
| Long Service Leave                 | –             | 39            | –             | 39            |
| Retirement gratuities              | 633           | 599           | 645           | 599           |
| <b>Total Non-current portion</b>   | <b>633</b>    | <b>638</b>    | <b>645</b>    | <b>638</b>    |
| <b>TOTAL EMPLOYEE ENTITLEMENTS</b> | <b>2,461</b>  | <b>2,050</b>  | <b>2,518</b>  | <b>2,091</b>  |

| 23. PROVISIONS                   |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | Council       |               | Group         |               |
|                                  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Provision for landfill aftercare | 2,953         | 2,703         | 2,953         | 2,703         |
| Financial guarantees             | –             | –             | –             | –             |
|                                  | <b>2,953</b>  | <b>2,703</b>  | <b>2,953</b>  | <b>2,703</b>  |

### Movements in provision

|  | Landfill<br>Aftercare<br>2008<br>\$000 | Landfill<br>Aftercare<br>2007<br>\$000 |
|--|--|--|
| Balance at beginning of the year               | 2,703                                  | 2,813                                  |
| Discount unwinding                             | 296                                    | (36)                                   |
| Amounts charged to provision during the period | (46)                                   | (74)                                   |
| <b>BALANCE AT END OF THE PERIOD</b>            | <b>2,953</b>                           | <b>2,703</b>                           |

### Landfill aftercare costs

The Council gained resource consents to operate the Silverstream and Wainuiomata landfills. The Council has responsibility under the resource consent for the closure of the landfill and to provide ongoing maintenance and monitoring of the landfill after the sites are closed. Closure responsibilities include final cover and application of vegetation, completing facilities for leachate collection, water quality and gas monitoring.

The management of the landfills will influence the timing of recognition of some liabilities. For example, the current Silverstream landfill will operate in two stages. A liability for stage two will only be created when the stage is commissioned and when refuse begins to accumulate in this stage (estimated March 2009).

Council currently operates two landfills. These are Silverstream (Stage 1) and Wainuiomata. These landfills have a remaining capacity of 90,000 (2007: 150,000) cubic metres (8 months) and 230,000 (2007: 280,000) cubic metres (4 years) respectively, based on current refuse inflows. Council is also monitoring gas, leachate, and water for five closed landfills identified as potential risks.

The cash outflows for the landfill post-closure are expected to continue for at least twenty to thirty years, on closed landfills, Silverstream stage 1 and Wainuiomata. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted at a rate of 7.5% (2007: 7.07%). The accounting treatment of this provision is described in detail in the Statement of Accounting Policies.

| <b>24. EQUITY</b>   |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <b>Council</b>        |                       | <b>Group</b>          |                       |
|   | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> | <b>2008<br/>\$000</b> | <b>2007<br/>\$000</b> |
| <b>ACCUMULATED FUNDS</b>  |                       |                       |                       |                       |
| Balance at beginning of the year  | 728,298               | 722,552               | 729,017               | 723,353               |
| Interest allocated to reserves  | (1,180)               | (833)                 | (1,180)               | (833)                 |
| Other transfers to reserves   | (4,042)               | (713)                 | (4,042)               | (713)                 |
| Transfers from asset revaluation reserve on disposal of property, plant and equipment | –                     | –                     | 262                   | –                     |
| Transfers from reserves   | 1,594                 | 884                   | 1,594                 | 884                   |
| Net surplus/(deficit) after tax   | 5,736                 | 6,408                 | 5,598                 | 6,326                 |
| <b>BALANCE AT END OF THE YEAR</b>   | <b>730,406</b>        | <b>728,298</b>        | <b>731,249</b>        | <b>729,017</b>        |
| <b>COUNCIL CREATED RESERVES</b>   |                       |                       |                       |                       |
| Balance at beginning of the year  | 12,934                | 12,275                | 12,934                | 12,275                |
| Transfers to accumulated funds  | (1,252)               | (884)                 | (1,252)               | (884)                 |
| Transfers from accumulated funds  | 4,041                 | 712                   | 4,041                 | 712                   |
| Interest earned   | 1,177                 | 831                   | 1,177                 | 831                   |
| <b>BALANCE AT END OF THE YEAR</b>   | <b>16,900</b>         | <b>12,934</b>         | <b>16,900</b>         | <b>12,934</b>         |
| <b>RESTRICTED RESERVES*</b>   |                       |                       |                       |                       |
| Balance at beginning of the year  | 57                    | 54                    | 57                    | 54                    |
| Transfers to accumulated funds  | (4)                   | –                     | (4)                   | –                     |
| Transfers from accumulated funds  | 1                     | 1                     | 1                     | 1                     |
| Interest earned   | 3                     | 2                     | 3                     | 2                     |
|   | <b>57</b>             | <b>57</b>             | <b>57</b>             | <b>57</b>             |
| <b>ASSET REVALUATION RESERVES</b>   |                       |                       |                       |                       |
| Balance at beginning of the year  | 225,142               | 225,142               | 225,142               | 225,142               |
| Changes in asset value  | (338)                 | –                     | (338)                 | –                     |
| Valuation gains/(losses) taken to equity  | –                     | –                     | –                     | –                     |
| <b>BALANCE AT END OF THE YEAR</b>   | <b>224,804</b>        | <b>225,142</b>        | <b>224,804</b>        | <b>225,142</b>        |

## 24. EQUITY

|   | Council        |                | Group          |                |
|---|----------------|----------------|----------------|----------------|
|   | 2008<br>\$000  | 2007<br>\$000  | 2008<br>\$000  | 2007<br>\$000  |
| <b>Asset revaluation reserves consist of:</b> |                |                |                |                |
| <b>Operational Assets</b>                     |                |                |                |                |
| Library books                                 | 706            | 706            | 706            | 706            |
| Buildings                                     | 6,252          | 6,252          | 6,252          | 6,252          |
| Land  | 13,283         | 13,283         | 13,283         | 13,283         |
| <b>Infrastructure Assets</b>                  |                |                |                |                |
| Land  | 59,736         | 60,074         | 59,736         | 60,074         |
| Waste water                                   | 45,134         | 45,134         | 45,134         | 45,134         |
| Stormwater                                    | 39,859         | 39,859         | 39,859         | 39,859         |
| Water   | 19,489         | 19,489         | 19,489         | 19,489         |
| Road  | 9,040          | 9,040          | 9,040          | 9,040          |
| <b>Restricted Assets</b>                      |                |                |                |                |
| Land  | 31,305         | 31,305         | 31,305         | 31,305         |
| <b>Total</b>                                  | <b>224,804</b> | <b>225,142</b> | <b>224,804</b> | <b>225,142</b> |
| <b>TOTAL EQUITY</b>                           |                |                |                |                |
| Balance at beginning of the year              | 966,431        | 960,023        | 967,150        | 960,824        |
| Movements during the year                     | 5,736          | 6,408          | 5,860          | 6,326          |
| <b>BALANCE AT END OF THE YEAR</b>             | <b>972,167</b> | <b>966,431</b> | <b>973,010</b> | <b>967,150</b> |

\* Restricted reserves relate to bequests and trust money for a specific purpose.

## 25. OTHER LIABILITIES

|  | Council       |               | Group         |               |
|--|---------------|---------------|---------------|---------------|
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>OTHER LIABILITIES – CURRENT PORTION</b>           |               |               |               |               |
| Accrued interest expenses                            | 356           | 415           | 356           | 415           |
| Third party funds                                    | 169           | 155           | 169           | 155           |
| Miscellaneous current liabilities                    | 615           | 1,723         | 615           | 714           |
| Income earned in advance                             | 1,747         | –             | 2,231         | –             |
| Development contributions                            | 152           | –             | 152           | –             |
| <b>Total other liabilities – current portion</b>     | <b>3,039</b>  | <b>2,293</b>  | <b>3,523</b>  | <b>1,284</b>  |
| <b>OTHER LIABILITIES – NON-CURRENT PORTION</b>       |               |               |               |               |
| <b>Total other liabilities – non-current portion</b> | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>–</b>      |
| <b>TOTAL OTHER LIABILITIES</b>                       | <b>3,039</b>  | <b>2,293</b>  | <b>3,523</b>  | <b>1,284</b>  |

| 26. RECONCILIATION OF SURPLUS AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | Council       |               | Group         |               |
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>SURPLUS AFTER TAX</b>  | <b>5,736</b>  | <b>6,408</b>  | <b>5,598</b>  | <b>6,326</b>  |
| <b>Add/(less) non-cash items:</b>   |               |               |               |               |
| Depreciation and amortisation   | 23,349        | 22,587        | 24,049        | 22,835        |
| Interest income accrued to investments and special funds                          | –             | 17            | –             | 17            |
| Bad debt expense and other non-cash items   | (1,086)       | (1,233)       | (534)         | (1,233)       |
| <b>Add/(less) movements in working capital:</b>                                   |               |               |               |               |
| Increase in accounts receivable and other assets                                  | (1,759)       | 810           | (3,673)       | 851           |
| Increase/(decrease) in creditors  | 2,161         | (100)         | 526           | (37)          |
| Increase/(decrease) in provisions and other liabilities                           | 839           | (2,129)       | 2,332         | (2,065)       |
| <b>Add/(less) items classified as investing activities:</b>                       |               |               |               |               |
| Profit on sale of property, plant and equipment and other movements               | (314)         | (105)         | (314)         | (347)         |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   | <b>28,926</b> | <b>26,255</b> | <b>27,984</b> | <b>26,347</b> |

| 27. FINANCIAL INSTRUMENTS RISKS                              |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Council       |               | Group         |               |
|  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>FINANCIAL ASSETS</b>                                      |               |               |               |               |
| <b>Fair value through profit and loss – Held for trading</b> |               |               |               |               |
| Derivative financial instrument assets                       | 1,619         | 2,714         | 1,619         | 2,714         |
|  | <b>1,619</b>  | <b>2,714</b>  | <b>1,619</b>  | <b>2,714</b>  |
| <b>Loans and receivables</b>                                 |               |               |               |               |
| Cash and cash equivalents                                    | 7             | 7,442         | 280           | 7,502         |
| Debtors and other receivables                                | 9,171         | 7,309         | 9,684         | 6,493         |
| <b>Other financial assets:</b>                               |               |               |               |               |
| – community and development loans                            | 390           | 422           | 390           | 422           |
| <b>Total loans and receivables</b>                           | <b>9,568</b>  | <b>15,173</b> | <b>10,354</b> | <b>14,417</b> |
| <b>Held to maturity</b>                                      |               |               |               |               |
| <b>Other financial assets:</b>                               |               |               |               |               |
| – Sinking Funds  | 273           | 252           | 273           | 252           |
| – NZ Local Government Insurance Company                      | 234           | 234           | 234           | 234           |
| <b>Total held to maturity</b>                                | <b>507</b>    | <b>486</b>    | <b>507</b>    | <b>486</b>    |
| <b>Fair value through equity</b>                             |               |               |               |               |
| <b>Other financial assets:</b>                               |               |               |               |               |
| – unlisted shares  | 375           | 375           | 375           | 375           |
| <b>Total fair value through equity</b>                       | <b>375</b>    | <b>375</b>    | <b>375</b>    | <b>375</b>    |
| <b>Total financial assets</b>                                | <b>12,069</b> | <b>18,748</b> | <b>12,855</b> | <b>17,992</b> |
| <b>FINANCIAL LIABILITIES</b>                                 |               |               |               |               |
| <b>Fair value through profit and loss – Held for trading</b> |               |               |               |               |
| Derivative financial instrument liabilities                  | 767           | 1,510         | 767           | 1,510         |
|  | <b>767</b>    | <b>1,510</b>  | <b>767</b>    | <b>1,510</b>  |

## 27. FINANCIAL INSTRUMENTS RISKS

|  | Council        |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 2008<br>\$000  | 2007<br>\$000  | 2008<br>\$000  | 2007<br>\$000  |
| <b>Financial liabilities at amortised cost</b>       |                |                |                |                |
| Creditors and other payables                         | 19,742         | 17,539         | 19,809         | 17,685         |
| <b>Borrowings:</b>                                   |                |                |                |                |
| – bank overdraft                                     | 204            | 2,583          | 146            | 2,583          |
| – secured loans                                      | 81,131         | 82,376         | 85,131         | 86,676         |
| <b>Total financial liabilities at amortised cost</b> | <b>101,077</b> | <b>102,498</b> | <b>105,086</b> | <b>106,944</b> |
| <b>Total financial liabilities</b>                   | <b>101,844</b> | <b>104,008</b> | <b>105,853</b> | <b>108,454</b> |

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposures from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

### MARKET RISK

#### Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. The price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June 2008 the Council does not have any foreign currency risk.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's Liability Management policy is to maintain approximately between 55% and 95% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates in excess of the policy target range.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

### CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash flows and outflows, the Council at times invests surplus cash into bank and term deposits which gives rise to credit risk.

The Council investment policy limits the amount of credit exposure to any one financial institution or organisation. The Group only invest funds with entities that have a Standard and Poor's credit rating of at least A- for short term and A- for long-term investments.

The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Financial instruments which potentially subject the Group to credit risk principally consist of cash and/or cash equivalents, trade and other receivables, sinking funds, other assets, financial guarantees and interest rate swaps and options.

### The maximum exposure to credit risk:

|  | Notes | Council       |               | Group         |               |
|--|-------|---------------|---------------|---------------|---------------|
|  |       | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Cash, cash equivalents and term deposits                                 | 9     | 7             | 7,442         | 280           | 7,502         |
| Debtors and other receivables  | 10    | 9,171         | 7,309         | 9,684         | 6,493         |
| Other assets   |       | 882           | 861           | 882           | 861           |
| Community and development loans  |       | 66            | 128           | 66            | 128           |
| Financial guarantees   |       | 495           | 439           | 495           | 439           |
| Derivative financial instrument assets (interest rate swaps and options) |       | 1,619         | 2,714         | 1,619         | 2,714         |
| <b>Total credit risk</b>   |       | <b>12,240</b> | <b>18,893</b> | <b>13,026</b> | <b>18,137</b> |

The maximum exposures shown above are net of any recognised provisions for losses on these financial instruments. Council and the Group hold security for certain amounts included in trade and other receivables and other assets.

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| <b>COUNTERPARTIES WITH CREDIT RATINGS</b>                   |               |               |               |               |
| <b>Cash at bank and term deposits</b>                       |               |               |               |               |
| AA  | 7             | 7,442         | 280           | 7,502         |
| <b>Total cash at bank and term deposits</b>                 | <b>7</b>      | <b>7,442</b>  | <b>280</b>    | <b>7,502</b>  |
| <b>Derivative financial instrument assets</b>               |               |               |               |               |
| AA  | 1,619         | 2,714         | 1,619         | 2,714         |
| <b>Total derivative financial instrument assets</b>         | <b>1,619</b>  | <b>2,714</b>  | <b>1,619</b>  | <b>2,714</b>  |
| <b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>                |               |               |               |               |
| <b>Community and related party loans</b>                    |               |               |               |               |
| Existing counterparty with no defaults in the past          | 12            | 13            | 12            | 13            |
| Existing counterparty with defaults in the past             | 54            | 115           | 54            | 115           |
| <b>Total community, development and related party loans</b> | <b>66</b>     | <b>128</b>    | <b>66</b>     | <b>128</b>    |

Debtors and other receivables mainly arise from the Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### LIQUIDITY RISK

#### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of the Council's Long Term Council Community Plan. The Council has a policy to maintain the overdraft facility to below \$250,000 at any one time, and has undrawn credit facilities totalling \$14,100,000 (2007: \$50,000,000).

### Contractual maturity analysis of financial liabilities

The table below analyses the Council's financial liabilities into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based in the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

|                                    | Carrying amount<br>\$000 | Contractual cash flows<br>\$000 | Less than 1 year<br>\$000 | Between 1–3 years<br>\$000 | Between 3–5 years<br>\$000 | Greater than 5 years<br>\$000 |
|------------------------------------|--------------------------|---------------------------------|---------------------------|----------------------------|----------------------------|-------------------------------|
| <b>COUNCIL 2008</b>                |                          |                                 |                           |                            |                            |                               |
| Creditors and other payables       | 7,131                    | 7,131                           | 7,131                     | –                          | –                          | –                             |
| Net settled derivative liabilities | –                        | –                               | –                         | –                          | –                          | –                             |
| Bank overdraft                     | 204                      | 204                             | 204                       | –                          | –                          | –                             |
| Secured loans                      | 81,131                   | 98,627                          | 39,374                    | 20,658                     | 13,512                     | 25,083                        |
| Finance leases                     | –                        | –                               | –                         | –                          | –                          | –                             |
| Financial guarantees               | 495                      | 495                             | 495                       | –                          | –                          | –                             |
| <b>Total</b>                       | <b>88,961</b>            | <b>106,457</b>                  | <b>47,204</b>             | <b>20,658</b>              | <b>13,512</b>              | <b>25,083</b>                 |
| <b>GROUP 2008</b>                  |                          |                                 |                           |                            |                            |                               |
| Creditors and other payables       | 7,131                    | 7,131                           | 7,131                     | –                          | –                          | –                             |
| Net settled derivative liabilities | –                        | –                               | –                         | –                          | –                          | –                             |
| Bank overdraft                     | 204                      | 204                             | 204                       | –                          | –                          | –                             |
| Secured loans                      | 85,131                   | 102,657                         | 43,404                    | 20,658                     | 13,512                     | 25,083                        |
| Finance leases                     | –                        | –                               | –                         | –                          | –                          | –                             |
| Financial guarantees               | 495                      | 495                             | 495                       | –                          | –                          | –                             |
| <b>Total</b>                       | <b>92,961</b>            | <b>110,487</b>                  | <b>51,234</b>             | <b>20,658</b>              | <b>13,512</b>              | <b>25,083</b>                 |
| <b>COUNCIL 2007</b>                |                          |                                 |                           |                            |                            |                               |
| Creditors and other payables       | 5,761                    | 5,761                           | 5,761                     | –                          | –                          | –                             |
| Net settled derivative liabilities | –                        | –                               | –                         | –                          | –                          | –                             |
| Bank overdraft                     | 2,583                    | 2,583                           | 2,583                     | –                          | –                          | –                             |
| Secured loans                      | 82,376                   | 94,292                          | 49,972                    | 29,832                     | 2,416                      | 12,072                        |
| Finance leases                     | –                        | –                               | –                         | –                          | –                          | –                             |
| Financial guarantees               | 439                      | 439                             | 439                       | –                          | –                          | –                             |
| <b>Total</b>                       | <b>91,159</b>            | <b>103,075</b>                  | <b>58,755</b>             | <b>29,832</b>              | <b>2,416</b>               | <b>12,072</b>                 |
| <b>GROUP 2007</b>                  |                          |                                 |                           |                            |                            |                               |
| Creditors and other payables       | 5,840                    | 5,840                           | 5,840                     | –                          | –                          | –                             |
| Net settled derivative liabilities | –                        | –                               | –                         | –                          | –                          | –                             |
| Bank overdraft                     | 2,583                    | 2,583                           | 2,583                     | –                          | –                          | –                             |
| Secured loans                      | 86,676                   | 94,292                          | 49,972                    | 29,832                     | 2,416                      | 12,072                        |
| Finance leases                     | –                        | –                               | –                         | –                          | –                          | –                             |
| Financial guarantees               | 439                      | 439                             | 439                       | –                          | –                          | –                             |
| <b>Total</b>                       | <b>95,538</b>            | <b>103,154</b>                  | <b>58,834</b>             | <b>29,832</b>              | <b>2,416</b>               | <b>12,072</b>                 |

### Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

|                                   | Carrying amount<br>\$000 | Contractual cash flows<br>\$000 | Less than 1 year<br>\$000 | Between 1–3 years<br>\$000 | Between 3–5 years<br>\$000 | Greater than 5 years<br>\$000 |
|-----------------------------------|--------------------------|---------------------------------|---------------------------|----------------------------|----------------------------|-------------------------------|
| <b>COUNCIL 2008</b>               |                          |                                 |                           |                            |                            |                               |
| Cash and cash equivalents         | 7                        | 7                               | 7                         | –                          | –                          | –                             |
| Debtors and other receivables     | 9,171                    | 9,171                           | 9,171                     | –                          | –                          | –                             |
| Net settled derivative assets     | –                        | –                               | –                         | –                          | –                          | –                             |
| Other financial assets:           |                          |                                 |                           |                            |                            |                               |
| – community and development loans | 66                       | 66                              | 66                        | –                          | –                          | –                             |
| <b>Total</b>                      | <b>9,244</b>             | <b>9,244</b>                    | <b>9,244</b>              | <b>–</b>                   | <b>–</b>                   | <b>–</b>                      |
| <b>GROUP 2008</b>                 |                          |                                 |                           |                            |                            |                               |
| Cash and cash equivalents         | 7                        | 7                               | 7                         | –                          | –                          | –                             |
| Debtors and other receivables     | 9,684                    | 9,684                           | 9,684                     | –                          | –                          | –                             |
| Net settled derivative assets     | –                        | –                               | –                         | –                          | –                          | –                             |
| Other financial assets:           |                          |                                 |                           |                            |                            |                               |
| – community and development loans | 66                       | 66                              | 66                        | –                          | –                          | –                             |
| <b>Total</b>                      | <b>9,757</b>             | <b>9,757</b>                    | <b>9,757</b>              | <b>–</b>                   | <b>–</b>                   | <b>–</b>                      |
| <b>COUNCIL 2007</b>               |                          |                                 |                           |                            |                            |                               |
| Cash and cash equivalents         | 7,442                    | 7,442                           | 7,442                     | –                          | –                          | –                             |
| Debtors and other receivables     | 7,309                    | 7,309                           | 7,309                     | –                          | –                          | –                             |
| Net settled derivative assets     | –                        | –                               | –                         | –                          | –                          | –                             |
| Other financial assets:           |                          |                                 |                           |                            |                            |                               |
| – community and development loans | 128                      | 128                             | 64                        | 64                         | –                          | –                             |
| <b>Total</b>                      | <b>14,879</b>            | <b>14,879</b>                   | <b>14,815</b>             | <b>64</b>                  | <b>–</b>                   | <b>–</b>                      |
| <b>GROUP 2007</b>                 |                          |                                 |                           |                            |                            |                               |
| Cash and cash equivalents         | 7,502                    | 7,502                           | 7,502                     | –                          | –                          | –                             |
| Debtors and other receivables     | 6,493                    | 6,493                           | 6,493                     | –                          | –                          | –                             |
| Net settled derivative assets     | –                        | –                               | –                         | –                          | –                          | –                             |
| Other financial assets:           |                          |                                 |                           |                            |                            |                               |
| – community and development loans | 128                      | 128                             | 64                        | 64                         | –                          | –                             |
| <b>Total</b>                      | <b>14,123</b>            | <b>14,123</b>                   | <b>14,059</b>             | <b>64</b>                  | <b>–</b>                   | <b>–</b>                      |



## Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposure at balance date.

| COUNCIL  |               |              |              |              |               |              |            |              |
|--|---------------|--------------|--------------|--------------|---------------|--------------|------------|--------------|
|  | 2008<br>\$000 |              |              |              | 2007<br>\$000 |              |            |              |
|  | -100bps       |              | +100bps      |              | -100bps       |              | +100bps    |              |
|  | Profit        | Other Equity | Profit       | Other Equity | Profit        | Other Equity | Profit     | Other Equity |
| <b>INTEREST RATE RISK</b>                      |               |              |              |              |               |              |            |              |
| <b>Financial Assets</b>                        |               |              |              |              |               |              |            |              |
| Cash and cash equivalents                      | -             | -            | -            | -            | -             | -            | -          | -            |
| Derivatives held for trading                   | (1,026)       | -            | 1,026        | -            | (1,272)       | -            | 1,272      | -            |
| <b>Financial Liabilities</b>                   |               |              |              |              |               |              |            |              |
| <i>Borrowing:</i>                              |               |              |              |              |               |              |            |              |
| - Short term loans                             | 27            | -            | (27)         | -            | 70            | -            | (70)       | -            |
| - term loans                                   | 1,235         | -            | (1,235)      | -            | 423           | -            | (423)      | -            |
| <b>Total sensitivity to interest rate risk</b> | <b>236</b>    | <b>-</b>     | <b>(236)</b> | <b>-</b>     | <b>(779)</b>  | <b>-</b>     | <b>779</b> | <b>-</b>     |

## Explanation of sensitivity analysis

Derivative net financial assets and held for trading include interest rate swaps with a fair value totalling \$852,158 (2007: \$1,203,821). A movement in interest rates of plus or minus 1% has an effect of \$1,026,000 (2007: \$1,270,000) on the unrealised value of the derivatives and on realised receipts on the derivatives during the period of \$370,000 (2007: \$590,000).

No equity instruments are held.

## Short Term Loans

Council has short term floating rate debt with a principal amount totalling \$35,900,000 (2007: \$48,000,000). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$359,000 (2007: \$480,000).

## Term Loans

Council has term floating rate debt with a principal amount totalling \$20,000,000 (2007: \$10,000,000). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$200,000 (2007: \$100,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

| GROUP  |               |              |              |              |               |              |            |              |
|--|---------------|--------------|--------------|--------------|---------------|--------------|------------|--------------|
|  | 2008<br>\$000 |              |              |              | 2007<br>\$000 |              |            |              |
|  | -100bps       |              | +100bps      |              | -100bps       |              | +100bps    |              |
|  | Profit        | Other Equity | Profit       | Other Equity | Profit        | Other Equity | Profit     | Other Equity |
| <b>INTEREST RATE RISK</b>                      |               |              |              |              |               |              |            |              |
| <b>Financial Assets</b>                        |               |              |              |              |               |              |            |              |
| Cash and cash equivalents                      | -             | -            | -            | -            | -             | -            | -          | -            |
| Derivatives held for trading                   | (1,026)       | -            | 1,026        | -            | (1,272)       | -            | 1,272      | -            |
| <b>Financial Liabilities</b>                   |               |              |              |              |               |              |            |              |
| <i>Borrowing:</i>                              |               |              |              |              |               |              |            |              |
| - Short term loans                             | 30            | -            | (30)         | -            | 74            | -            | (74)       | -            |
| - term loans                                   | 1,235         | -            | (1,235)      | -            | 423           | -            | (423)      | -            |
| <b>Total sensitivity to interest rate risk</b> | <b>239</b>    | <b>-</b>     | <b>(239)</b> | <b>-</b>     | <b>(775)</b>  | <b>-</b>     | <b>775</b> | <b>-</b>     |

## 28. REMUNERATION

|                                    | Salary       | Motor Vehicle | Total Remuneration | Salary       | Motor Vehicle | Total Remuneration |
|------------------------------------|--------------|---------------|--------------------|--------------|---------------|--------------------|
|                                    | 30 June 2008 | 30 June 2008  | 30 June 2008       | 30 June 2007 | 30 June 2007  | 30 June 2007       |
|                                    | \$           | \$            | \$                 | \$           | \$            | \$                 |
| Chief Executive                    | 248,896      | 10,488        | 259,384            | 18,847       | 1,012         | 19,859             |
| Chief Executive (to 13 March 2007) | –            | –             | –                  | 259,774      | 13,363        | 273,137            |

### Remuneration of Elected Representatives

|                              | Council Remuneration | Director Fees | Group Total Remuneration | Council Remuneration | Director Fees | Group Total Remuneration |
|------------------------------|----------------------|---------------|--------------------------|----------------------|---------------|--------------------------|
|                              | 30 June 2008         | 30 June 2008  | 30 June 2008             | 30 June 2007         | 30 June 2007  | 30 June 2007             |
|                              | \$                   | \$            | \$                       | \$                   | \$            | \$                       |
| <b>Mayor and Councillors</b> |                      |               |                          |                      |               |                          |
| DK Ogden (Mayor)             | 99,227               | –             | 99,227                   | 96,999               | –             | 96,999                   |
| RW Styles (Deputy Mayor)     | 54,658               | 7,423         | 62,081                   | 55,676               | 10,000        | 65,676                   |
| JMK Baird                    | 46,866               | 12,448        | 59,314                   | 48,998               | 1,688         | 50,686                   |
| VR Jamieson                  | 54,244               | –             | 54,244                   | 54,638               | –             | 54,638                   |
| MJ Cousins                   | 48,880               | –             | 48,880                   | 49,588               | –             | 49,588                   |
| A Finlayson                  | 46,217               | –             | 46,217                   | 51,518               | –             | 51,518                   |
| WR Wallace                   | 45,839               | –             | 45,839                   | 42,696               | 10,000        | 52,696                   |
| D Hislop                     | 45,171               | –             | 45,171                   | 42,876               | –             | 42,876                   |
| R Day                        | 27,899               | –             | 27,899                   | –                    | –             | –                        |
| MJ Shierlaw**                | 27,899               | –             | 27,899                   | –                    | –             | –                        |
| D Bassett                    | 27,899               | –             | 27,899                   | –                    | –             | –                        |
| BG Branch                    | 27,899               | –             | 27,899                   | –                    | –             | –                        |
| G McDonald                   | 27,899               | –             | 27,899                   | –                    | –             | –                        |
| C Milne*                     | 12,715               | 5,025         | 17,740                   | 45,642               | 1,688         | 47,330                   |
| GD Barratt*                  | 15,084               | –             | 15,084                   | 49,746               | –             | 49,746                   |
| TE Pollard*                  | 13,117               | –             | 13,117                   | 46,963               | –             | 46,963                   |
| J Englebretsen*              | 10,969               | –             | 10,969                   | 48,996               | –             | 48,996                   |
| <b>TOTAL</b>                 | <b>632,482</b>       | <b>24,896</b> | <b>657,378</b>           | <b>634,336</b>       | <b>23,376</b> | <b>657,712</b>           |

\* To October 2007

\*\* Max Shierlaw also received remuneration of \$1,789 as a Ward Committee member to October 2007

### Severance Payments

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

|                     | 2008   | 2007   |
|---------------------|--------|--------|
| Severance payments  | 28,681 | 57,102 |
| Number of employees | 4      | 4      |

The value of each severance payment was \$4,461, \$5,134, \$5,753 and \$13,333.

| KEY MANAGEMENT PERSONNEL COSTS       | Council       |               | Group         |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Salary and other short term benefits | 1,838         | 1,830         | 1,984         | 1,937         |
| Post-employment benefits             | –             | –             | –             | –             |
| Other long-term benefits             | –             | –             | –             | –             |
| Termination benefits                 | –             | –             | –             | –             |
|                                      | <b>1,838</b>  | <b>1,830</b>  | <b>1,984</b>  | <b>1,937</b>  |

The table above includes the remuneration of the Chief Executive, members of the executive management team, the Mayor and Councillors.

## 29. RELATED PARTIES DISCLOSURES

The Council had the following material transactions:

The Council is the ultimate parent of the group and controls two entities, being Urban Plus Limited and Seaview Marina Limited and has significant influence over Wellington Water Management Limited as an associate.

### Related party transactions with subsidiaries, associates or joint venture:

#### WITH SEAVIEW MARINA LIMITED

At year end Council owed \$125,458 to Seaview Marina Limited (2007: Seaview Marina Ltd owed \$99,366 to the Council). Interest has been paid on the outstanding monthly balance through the year at market rates.

For the year ended 30 June 2008, the Council charged Seaview Marina Limited accountancy fees \$3,995 (2007: \$4,000) and legal fees \$4,000 (2007: \$4,000).

#### WITH URBAN PLUS LIMITED (Formerly Hutt Holdings Limited)

At year end Urban Plus Limited owed \$111,574 to the Council (2007: Council owed \$243,058 to Urban Plus Limited). Interest has been charged on the outstanding monthly balance through the year at market rates.

For the year ended 30 June 2008, the Council charged Urban Plus Limited accountancy fees \$10,000 (2007: \$1,850).

#### WITH WELLINGTON WATER MANAGEMENT LIMITED

For the year ended 30 June 2008, Wellington Water Management Limited paid \$6,529 (2007: \$8,891) to the Council, for services provided.

For the year ended 30 June 2008, the Council paid \$1,393,365 (2007: \$1,311,026) to Wellington Water Management Limited, for professional service fees.

As at 30 June 2008 the Council owed Wellington Water Management Limited \$162,800 (2007: \$125,860).

As at 30 June 2008 Wellington Water Management Limited owed Council \$nil (2007: \$833).

#### WITH COUNCILLORS, COMMUNITY BOARD AND WARD/COMMUNITY COMMITTEE MEMBERS

During the year Councillors and key management personnel, as part of a normal customer relationship, engaged in minor transactions with Council (such as payment of rates, purchase of rubbish bags, etc.) Except for these transactions listed below, and items of trivial nature, no other Councillors or key management personnel entered into any related party transactions with the Group.

The Mayor, David Ogden, was elected in 2007 to the Hutt Valley DHB. The Council has made \$nil (2007: \$6,014) payments during the year. The Council received \$87,874 (2007: \$nil) for the Hutt Valley DHB share of election costs and venue hire.

Deborah Hislop is a Partner and Director of Kevin Hislop Architects Limited. The Council made payments for the design of the Days Bay bus shelter of \$3,270 during the year (2007: \$10,680).

Margaret Cousins sits on the Hutt Council of Social Services and Normandale residents association boards. Payments of \$6,000 (2007: \$6,938), annual funding grant for social development and \$1,118 (2007: \$1,615), contribution for activities and repairs, respectively were made during the year.

Council has invested, by way of share purchase, \$374,980 in Smartlinx 3 Limited, a company 30% owned by Hutt Mana Charitable Trust. The Mayor, David Ogden, is the Deputy Chairperson of Hutt Mana Trust and has been appointed to Smartlinx to represent them. During the year Smartlinx paid \$24,745 (2007: \$nil) to the Council for the use of storage and the Council paid \$76,945.30 to Smartlinx for the provision of broadband, security and WIFI services. Hutt Mana Trust paid \$31,299 (2007: \$4,239) to the Council for their share of election costs.

Christopher Milne and Roger Styles were previously members of the Hutt Mana Charitable Trust. During the year the Council made payments of \$20,000 to the Trust as a contribution to the Warm Homes project and received \$31,299 (2007: \$4,239) for the Trust's share of election costs.

There were no outstanding amounts due to or owing from the above related parties.

### 30. CAPITAL COMMITMENTS AND OPERATING LEASES

#### CAPITAL COMMITMENTS

Commitments for capital expenditure contracted, but not provided for:

|                                  | Council       |               | Group         |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Property, plant and equipment    | 4,075         | 4,998         | 4,075         | 4,998         |
| Intangible assets                | -             | -             | -             | -             |
| Investment property              | -             | -             | -             | -             |
| <b>TOTAL CAPITAL COMMITMENTS</b> | <b>4,075</b>  | <b>4,998</b>  | <b>4,075</b>  | <b>4,998</b>  |

There are no capital commitments in relate to the Council's interest in the Silverstream Gas joint venture.

#### OPERATING LEASES AS LESSEE

The Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum leases payments payable under non-cancellable leases are as follows:

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Not later than one year                           | 1,916         | 1,802         | 1,920         | 1,832         |
| Later than one year and not later than five years | 712           | 1,809         | 717           | 1,839         |
| Later than five years                             | -             | -             | -             | -             |
| <b>TOTAL NON-CANCELLABLE OPERATING LEASES</b>     | <b>2,628</b>  | <b>3,611</b>  | <b>2,637</b>  | <b>3,671</b>  |

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2007: \$nil).

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of the leasing arrangements.

## OPERATING LEASES AS LEASOR

The Council leases property under operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of housing leases that have a non-cancellable term of 22 working days. The future aggregate minimum leases payments payable under non-cancellable leases are as follows:

|   | Council       |               | Group         |               |
|---|---------------|---------------|---------------|---------------|
|   | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Not later than one year                           | -             | -             | -             | -             |
| Later than one year and not later than five years | -             | -             | -             | -             |
| Later than five years                             | -             | -             | -             | -             |
| <b>TOTAL NON-CANCELLABLE OPERATING LEASES</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |

No contingent rents have been recognised in the statement of financial performance during the period.

## 31. CONTINGENCIES

| Contingent Liabilities  | Council       |               | Group         |               |
|-------------------------|---------------|---------------|---------------|---------------|
|                         | 2008<br>\$000 | 2007<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
| Financial guarantees    | 495           | 439           | 495           | 439           |
| Waste water             | 4,997         | 5,020         | 4,997         | 5,020         |
| Other legal proceedings | 150           | 150           | 150           | 150           |
|                         | <b>5,642</b>  | <b>5,609</b>  | <b>5,642</b>  | <b>5,609</b>  |

### Guarantees

The value of financial guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. The Council has recognised \$nil (2007: \$nil) financial guarantees in the statement of financial position.

### Waste water

Council has entered into a cancellable contract for the operation of the wastewater treatment plant and associated facilities. The remaining term of the contract is 12 years and payments are calculated based on volume. The contingent liability is calculated based on the minimum payments due under the contract in the event of cancellation.

### Lawsuit

A claim has been lodged against Council as second defendant for orders under the Property Law Act and for breach of contract. The outcome of litigation is difficult to forecast, however, settlement discussions have commenced between the parties. Council will have some liability, the question is the extent of the liability.

### Weather tightness

One claim was lodged in 2005 with the Weathertightness Homes Resolution Service (WHRS) as at 30 June 2008 relating to weather tightness issues of a home in the Lower Hutt area and names Council as well as other parties. It is not yet certain whether this claim is valid and whom will be liable for defects, therefore, the Council is unable to assess the exposure to this claim lodged with WHRS. The costs of any successful claim against the Council are expected to be substantially covered by Council's insurance policies.

### Joint venture contingent liabilities

There are no contingent liabilities associated with the Silverstream Gas Joint Venture (2007: \$nil).

### Associate's contingent liabilities

There are no contingent liabilities associated with the Capacity associate (2007: \$nil).

## Contingent assets

The Council operates a system whereby community services and sports clubs are able to construct facilities (e.g. club rooms) on reserve land. The community services and clubs control the use of these facilities and the Council will only gain control of the asset if the community service/club vacates the facility, no other organisation is willing to purchase the facility and it is not removed (per the lease agreement). Until these events occur these assets are not recognised as assets in the Statement of Financial Position.

## 32. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budgeted figures in the 2007/2008 Community Plan are as follows:

- The surplus after tax for the year ending 30 June 2008 was \$3.54 million greater than budget. This is largely attributable to favourable revenues.

Positive revenue variances include:

- Rates revenue exceeding budget by \$0.443 million. This was largely due to amendments to some individual property values.
- User charges exceeding budget by \$1.441 million. This was largely attributable to additional revenues from the Landfill and Consents.
- Other revenue exceeding budget by \$2.79 million. Approximately \$1.836 million of this relates to vested assets being recognised that had not been anticipated. Also subsidies and grants for capital works significantly exceeded budget. A one off grant from the Dowse Foundation also contributed to the positive variance.

The favourable revenue variances have offset additional expenditure of \$1.272 million in excess of budget. The additional expenditure is largely attributable to the following:

- Employee costs exceeded budget by \$0.227 million. This is attributable to both additional positions being created as well as market remuneration movements being higher than expected. Additional staff were employed in Consents and these costs were off-set by additional revenues.
- Financing costs exceeded budget by \$0.586 million which was largely attributable to higher than expected interest rates.
- Financial assets and liabilities as at 30 June 2008 are generally consistent with budget. In some cases variances to budget are attributable only to a reclassification of non-current and current assets and liabilities. The variance reported against property, plant and equipment is attributable to a significant amount being identified separately as 'Assets under construction'.

## 33. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council.

Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Hutt City Council has the following Council created reserves:

- reserves for different areas of benefit
- self insurance reserves
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to Trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

#### 34. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after balance date.



## FINANCIAL SUMMARY OF MAJOR CAPITAL AND OPERATING PROJECTS

| For the year ended 30 June 2008  | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 |
|--|---------------------------------|-------------------------------|
| <b>Projects with a budget or expenditure of \$100,000 or over.</b>                               |                                 |                               |
| <b>LIBRARIES</b>   |                                 |                               |
| <b>Capital Projects</b>  |                                 |                               |
| Library Stock Replacement  | \$738                           | \$708                         |
| Replace Self Issue machines  | \$112                           | \$90                          |
| <b>MUSEUMS</b>   |                                 |                               |
| <b>Capital Projects</b>  |                                 |                               |
| Dowse Museum Upgrade   | \$285                           | \$135                         |
| <b>AQUATICS AND RECREATION</b>   |                                 |                               |
| <b>Operating Projects</b>  |                                 |                               |
| Events Funding   | \$411                           | \$273                         |
| <b>Capital Projects</b>  |                                 |                               |
| Huia Pool Replace Filters  | \$280                           | \$280                         |
| Naenae Pool Health And Fitness Suite   | \$300                           | \$300                         |
| Other Projects   | \$216                           | \$210                         |
| Sportshouse Server & Photocopiers  | \$156                           | \$0                           |
| <b>PARKS AND RESERVES</b>  |                                 |                               |
| <b>Operating Projects</b>  |                                 |                               |
| Problem Tree Removal (\$180,000 carried over to 2008/09)   | \$11                            | \$191                         |
| Korohiwa Investigations  | \$20                            | \$100                         |
| <b>Capital Projects</b>  |                                 |                               |
| Avalon Park Redevelopment (Funded From Reserve Fund)   | \$178                           | \$150                         |
| New Cemetery Development, Akatarawa Road   | \$0                             | \$100                         |
| Hutt Park Development (\$1,000,000 Funded From Reserve Fund)                                     | \$1,790                         | \$1,805                       |
| Korohiwa Redevelopment Heritage Subsidy (\$500,000 carried over to 2008/09)                      | \$0                             | \$500                         |
| Land Purchase Eastbourne Slip  | \$703                           | \$0                           |
| Naenae Park Pavilion   | \$240                           | \$240                         |
| Petone Entrance Upgrade (Funded From Reserves Fund)  | \$127                           | \$100                         |
| Petone Hockey Training Facility  | \$2                             | \$100                         |
| Playground Equipment Replacement   | \$119                           | \$110                         |
| Building Maintenance (Sportsgrounds)   | \$137                           | \$150                         |
| Summit Road Soil Shed (\$120,000 carried over to 2008/09)  | \$0                             | \$120                         |
| Street Tree Infrastructural Repairs  | \$95                            | \$105                         |
| Wainuiomata Garden Of Remembrance Extension  | \$124                           | \$95                          |
| Wainuiomata Mountain Bike Facility (Funded From Reserve Fund) (\$60,000 carried over to 2008/09) | \$63                            | \$125                         |
| Walter Nash Stadium Mortgage (\$30,000 carried over to 2008/09)                                  | \$147                           | \$180                         |



| For the year ended 30 June 2008  | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 |
|--|---------------------------------|-------------------------------|
| <b>COMMUNITY SUPPORT</b>   |                                 |                               |
| <b>Operating Projects</b>  |                                 |                               |
| Community Development Fund   | \$176                           | \$176                         |
| Community Houses Funding   | \$200                           | \$208                         |
| Marae Funding  | \$110                           | \$120                         |
| Youth Centre   | \$126                           | \$117                         |
| Safety Initiatives   | \$230                           | \$228                         |
| <b>PROPERTY</b>  |                                 |                               |
| <b>Operating Projects</b>  |                                 |                               |
| Administration Building Strengthening Investigations                           | \$200                           | \$200                         |
| <b>Capital Projects</b>  |                                 |                               |
| Days Bay Beach Public Toilets Improvements (\$200,000 carried over to 2008/09) | \$0                             | \$234                         |
| Community Halls Maintenance (\$30,000 carried over to 2008/09)                 | \$209                           | \$213                         |
| Halls Upgrade  | \$187                           | \$200                         |
| Toilets Upgrade (\$346,000 carried over to 2008/09)                            | \$34                            | \$400                         |
| <b>ROADING AND TRAFFIC</b>   |                                 |                               |
| <b>Operating Projects</b>  |                                 |                               |
| Cross Valley Link Study (\$100,000 carried over to 2008/09)                    | \$0                             | \$100                         |
| <b>Capital Projects</b>  |                                 |                               |
| Area Wide Pavement Treatment (Subsidy:48%)                                     | \$539                           | \$330                         |
| Footpath Resurfacing & Replacement   | \$205                           | \$200                         |
| Hutt Rd/Railway Ave/Parliament St Intersection Improvements (Subsidy:58%)      | \$268                           | \$250                         |
| Hill Road Preventative Maintenance (Subsidy:48%)                               | \$126                           | \$125                         |
| Pavement Surfacing (Subsidy:48%)   | \$4,410                         | \$4,700                       |
| Additional Parking Capital Expenditure   | \$214                           | \$225                         |
| Road Smoothing (Subsidy:58%)   | \$319                           | \$319                         |
| State Highway 2 Upgrade  | \$255                           | \$50                          |
| Substandard Road Upgrading (Subsidy:17%)                                       | \$645                           | \$363                         |
| Traffic Safety Improvements (Subsidy:9%)                                       | \$747                           | \$500                         |
| Traffic Signal Replacement (Subsidy:48%)                                       | \$47                            | \$200                         |
| <b>WATER SUPPLY</b>  |                                 |                               |
| <b>Capital Projects</b>  |                                 |                               |
| Ferry Rd – Main/Services   | \$207                           | \$195                         |
| Hutt Rd/Western Hutt Rd Link Main SH2  | \$180                           | \$180                         |
| Jackson St Main/Rider/Services (Te Puni to Victoria)                           | \$893                           | \$550                         |
| Minor Works Network  | \$28                            | \$100                         |
| Reservoir Seismic Upgrade (General) (\$200,000 carried over to 2008/09)        | \$351                           | \$550                         |
| SH2 Hutt Rd Main/Services  | \$650                           | \$400                         |

| For the year ended 30 June 2008   | Actual<br>30 June 2008<br>\$000 | Plan<br>30 June 2008<br>\$000 |
|---|---------------------------------|-------------------------------|
| <b>WASTEWATER</b>   |                                 |                               |
| <b>Capital Projects</b>   |                                 |                               |
| Local Sewer Renewal Elizabeth Street (Central Hutt)                                     | \$93                            | \$150                         |
| Local Sewer Renewal London Road - Singers Road (Korokoro)                               | \$107                           | \$140                         |
| Local Sewer Renewal Leighton Avenue Catchment   | \$815                           | \$850                         |
| Local Sewer Renewal SH2   | \$100                           | \$100                         |
| Local Minor Works Pipes And Pumping Stations  | \$101                           | \$170                         |
| Local Sewer Renewal Muritai Road ( Eastbourne)  | \$78                            | \$121                         |
| Local Pressure Testing Of Sewers  | \$239                           | \$300                         |
| Trunk Type A Asset Development (Subsidy:30%) (\$150,000 carried over to 2008/09)        | \$876                           | \$1,030                       |
| Trunk DBO Asset Replacement Fund (Subsidy:26%)  | \$652                           | \$709                         |
| Trunk Type B Network Development (Subsidy:31%)  | \$1,697                         | \$1,695                       |
| Te Marua Pumping Station Rising Main Renewal (Subsidy:51%)                              | \$1                             | \$235                         |
| Trunk DBO Seaview Land Improvements   | \$452                           | \$0                           |
| Trunk DBO Pipeline Cyclic Replacement (Subsidy:31%) (\$500,000 carried over to 2008/09) | \$130                           | \$655                         |
| Local Sewer Renewal Tuatoru Street (Eastbourne)   | \$3                             | \$165                         |
| <b>STORMWATER</b>   |                                 |                               |
| <b>Capital Projects</b>   |                                 |                               |
| Black Creek Stage 3   | \$692                           | \$395                         |
| Cheviot Road (Lowry Bay) (\$150,000 carried over to 2008/09)                            | \$303                           | \$396                         |
| Elizabeth Street (Moera)  | \$142                           | \$261                         |
| Grounsell Crescent  | \$79                            | \$104                         |
| Gracefield Pumping Station  | \$1,036                         | \$780                         |
| Gracefield Stormwater Renewal   | \$178                           | \$175                         |
| Hutt River Floodplain   | \$86                            | \$156                         |
| Hautana Street (Central Hutt)   | \$258                           | \$313                         |
| Leighton Ave  | \$275                           | \$208                         |
| Minor Asset Renewals  | \$221                           | \$90                          |
| Melling Road (Central Hutt)   | \$51                            | \$104                         |
| Moana Road (Days Bay)   | \$271                           | \$261                         |
| Jackson Street (Mains Renewal)  | \$317                           | \$365                         |
| Manuka Street (Stokes Valley)   | \$397                           | \$391                         |
| Manuka Street/Zeala Grove   | \$185                           | \$261                         |
| Woodvale Grove  | \$156                           | \$198                         |
| Walter Road (Eastbourne) (\$150,000 carried over to 2008/09)                            | \$19                            | \$261                         |
| <b>SOLID WASTE</b>  |                                 |                               |
| <b>Capital Projects</b>   |                                 |                               |
| Silverstream Landfill Stage One   | \$0                             | \$100                         |
| Silverstream Landfill Stage Two   | \$2,700                         | \$2,031                       |
| Wainuiomata Landfill  | \$1                             | \$220                         |

| <b>For the year ended 30 June 2008</b>   | <b>Actual<br/>30 June 2008<br/>\$000</b> | <b>Plan<br/>30 June 2008<br/>\$000</b> |
|--|--|--|
| <b>ENVIRONMENTAL MANAGEMENT</b>  |  |  |
| <b>Operating Projects</b>  |  |  |
| District Plan Projects (\$235,000 carried over to 2008/09)                     | \$89                                     | \$335                                  |
| <b>LOCAL URBAN DESIGN</b>  |  |  |
| <b>Operating Projects</b>  |  |  |
| Anti Graffiti Rapid Response   | \$154                                    | \$155                                  |
| <b>Capital Projects</b>  |  |  |
| CBD Development  | \$770                                    | \$500                                  |
| CBD Masterplan Implementation (\$370,000 carried over to 2008/09)              | \$10                                     | \$700                                  |
| Suburban Shopping Centres Improvements (\$190,000 carried over to 2008/09)     | \$8                                      | \$200                                  |
| <b>ECONOMIC DEVELOPMENT</b>  |  |  |
| <b>Operating Projects</b>  |  |  |
| CBD + (Business Hutt Valley)   | \$270                                    | \$270                                  |
| Economic Development Strategy  | \$114                                    | \$150                                  |
| <b>Capital Projects</b>  |  |  |
| Traffic Web Camera & Jackson St WiFi Project                                   | \$96                                     | \$160                                  |
| <b>MANAGING SERVICES</b>   |  |  |
| <b>Capital Projects</b>  |  |  |
| Corporate Application/Hardware Replacement (\$300,000 carried over to 2008/09) | \$438                                    | \$771                                  |
| Core Business Applications Enhancements (\$65,000 carried over to 2008/09)     | \$49                                     | \$105                                  |
| Digitisation Of Council Core Information (\$150,000 carried over to 2008/09)   | \$949                                    | \$1,096                                |
| Desktop Operating System Upgrade   | \$0                                      | \$150                                  |
| LIS Aerial Photos Renewal  | \$287                                    | \$280                                  |
| PC Replacement Programme   | \$283                                    | \$250                                  |
| Server Replacement & IT Disaster Recovery                                      | \$186                                    | \$140                                  |



# COUNCIL-CONTROLLED ORGANISATIONS AND COUNCIL-CONTROLLED TRADING ORGANISATIONS<sup>1</sup>

## Seaview Marina Limited

### Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented

This company owns and operates Seaview Marina, and is a Council-Controlled Organisation.

### Nature and scope of its activities

Council expects this company to own and operate the Seaview Marina as a facility for the enjoyment of the Hutt City community without compromising its commercial objectives and environmental responsibilities.

The results shown against the key performance targets below indicate that the business has been managed successfully. Public access to the Marina has been maintained throughout the year.

| KEY PERFORMANCE TARGETS  | LEVEL OF ACHIEVEMENT   |
|--|--|
| Achieve a rate of return on shareholders funds of 7.5% before taxation   | <b>Achieved</b><br>Projected profit figures indicate a rate of return on shareholders funds of 8.5%  |
| Achieve the following capital development programme targets for the marina complex before 30 June 2008:  |  |
| <ul style="list-style-type: none"> <li>Complete the development of the Marina Service Centre</li> </ul>  | <b>At Resource Consent Stage</b><br>Hutt City Council (as shareholder) approved this project on 18 March 2008. Resource Consent has been notified. Assuming consent is obtained, it is envisaged that this project will start by the end of 2008 and completion will be at the end of 2009 |
| <ul style="list-style-type: none"> <li>Investigate the sale of all or some of the berths (whether existing or new)</li> </ul>                      | <b>Postponed</b><br>Pending the outcome of the investigations into the development of the Marine Service Centre  |
| <ul style="list-style-type: none"> <li>Investigate the construction of a new pier on the existing walkway</li> </ul>                               | <b>Completed</b>   |
| Re-instigate discussions with CentrePort Wellington concerning marina facilities   | <b>Postponed</b>   |
| Comply with financial, building, technical and regulatory standards  | <b>Achieved</b>  |
| Ensure property and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice | <b>Achieved</b>  |
| Undertake a revaluation of its assets in the 2007/08 financial year  | <b>Not Required</b><br>Due to the transition to NZIFRS (elected not to revalue marina assets)  |

1. For more information on these companies, see their statements of intent, which are available after 1 July each year.

## Urban Plus Limited (Formerly named Hutt Holdings Limited)

### Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented

This company was re-established in 2007 as a Council-Controlled Trading Organisation.

### Nature and scope of its activities

Until May 2007, the company was essentially non-trading. In December 2006 Council resolved to transfer its social housing assets and property management functions to the company and to re-establish the company for this purpose. The transfer of the assets was completed in May 2007.

| KEY PERFORMANCE TARGETS   | LEVEL OF ACHIEVEMENT   |
|---|--|
| <b>Property Management</b>  |  |
| Net capital and operational expenditure within budget   | <b>Achieved</b>  |
| Resident satisfaction with public halls greater than or equal to peer average, subject to Council funding                                   | <b>Achieved 95%</b><br>Peer average 91%  |
| Resident satisfaction with public toilets greater than or equal to peer average within 5 years, subject to Council funding                  | <b>Not Achieved</b><br>But a significant improvement over last year<br>Peer average 77%, HCC 69% – a 12% improvement on 2006/07  |
| Tenant satisfaction with Council-owned community buildings greater than or equal to 90%   | <b>Achieved 100%</b>   |
| Council satisfaction with building management 90%   | <b>Not Achieved - 86%</b><br>This is the first ever time this requirement has been applied and the 86% indicates a sound base to start from. An improvement plan is being designed to deliver better results next year |
| Develop a contract for the provision of property management services with the Council by 31 December 2007                                   | <b>Achieved</b><br>Contract agreed August 2007   |
| <b>Rental Housing</b>   |  |
| Net capital and operational expenditure within budget   | <b>Achieved cash surplus</b>   |
| A return on investment in line with market norms for the nature and condition of the property portfolio                                     | <b>Achieved in line with social housing providers, returning cash to cover costs</b><br>Overall cash surplus of \$120,000  |
| Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90%   | <b>Achieved 93% from survey conducted February 2008</b>  |
| Percentage of total housing units occupied by the elderly/socially disadvantaged greater than or equal to 85%                               | <b>Achieved 89%</b>  |
| Develop a contract for the provision of services for tenant liaison and social needs monitoring with the Council by 31 December 2007        | <b>Achieved</b><br>Contract agreed August 2007.  |
| Retain at least 180 housing units with the objective of growing this number to a minimum of 210 by 2010                                     | <b>Achieved 186</b>  |
| <b>Land Development and Sale</b>  |  |
| Develop a long term financial forecast of projected gross sales and net margin for Council approval and inclusion in 2008/09 Community Plan | <b>Partially Achieved</b><br>Budget 2008-2011  |

## Wellington Water Management Limited (WWML) Trading as Capacity

### Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented

Council's objective for this company is for it to manage the provision of water services to Hutt City Council and Wellington City Council. The company has operated successfully in this capacity during the year.

### Nature and scope of its activities

Council expects the company to manage, for the long term, the water, wastewater and stormwater assets of the shareholding councils and to operate as a successful business, managed on a non-profit basis.

The results shown against the key performance targets below indicate that the business has been managed successfully.

| KEY PERFORMANCE TARGETS  | LEVEL OF ACHIEVEMENT  |
|--|---|
| Achieve total overall savings of \$4.175m to shareholding councils after five years, and \$1.6 million annually thereafter   | Under the service level agreement between Capacity, Hutt City Council and Wellington City Council, a savings model has to be approved by shareholders before savings can be reported. The savings model developed by Capacity is currently under review by Wellington City Council.<br>Hutt City Council has approved the savings model |
| Achieve targets within allocated budgets   | <b>Achieved 16 of 17 key performance measures</b> (Refer Activity Reports). All achieved within approved overall budgets  |
| Ensure business operation complies with financial, technical and regulatory standards  | <b>Achieved</b><br>As evidenced by audits and monthly compliance reports  |
| Establish a strategic business plan by 30 June 2007  | <b>Achieved</b><br>Strategic Business Plan completed  |
| Develop asset management plans as required that reflect best practice or meet specific requirements for approval by the appropriate organisation                         | <b>Achieved</b><br>Asset Management Plans completed. Audit NZ awarded the Asset Management Plans with a "sound rating" ranking them amongst the top 14% in the country  |
| Ensure infrastructure and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice                 | <b>Achieved</b><br>Audits have confirmed asset maintenance has been carried out in accordance with asset management plans   |
| Meet the performance measures set by shareholders in service contracts or service-level agreements, including managing emergencies                                       | <b>Partially Achieved</b><br>All performance measures have been achieved for the year with the exception of the stormwater resident satisfaction which is slightly below the peer average – Activity 10 Stormwater 07/08 Performance Measures Monthly Report 30 June 2008   |
| Start preparing a work programme on public awareness of water consumption and report back to Council by 31 March 2008 as requested in writing by respective shareholders | Commenced public awareness campaign. This was commissioned in conjunction with Greater Wellington Regional Council and other TA's in the region to raise water consumption awareness. An ongoing program is being developed with implementation across the region   |



## HUTT CITY PROFILE

Hutt City (geographical name Lower Hutt) is located at the southern end of the North Island of New Zealand. It is the second largest city in the Wellington Region and borders onto the capital city, Wellington. Hutt City with a population of 97,701 (Source: Statistics NZ) ranks 9th in size out of the 74 territorial authorities in New Zealand. The city has an area of around 38,000 hectares and over 40 kilometres of coastline. Hutt City has a vitality and uniqueness that is enhanced by its beautiful natural setting – a combination of hills, valleys, rivers and the sea. This setting offers residents the best of both worlds; the facilities and services provided by a major urban centre, as well as a central location for residents to enjoy a variety of outdoor pursuits.

### Hutt City – A Summary Profile

|                              | <b>Percentage change<br/>from 2001</b> |
|------------------------------|--|
| Land area (hectares): 37,998 |  |

#### Wards 2006 Population

|             |        |      |
|-------------|--------|------|
| Northern    | 15,288 | 3.3% |
| Eastern     | 16,920 | 2.7% |
| Western     | 12,402 | 4.1% |
| Central     | 18,642 | 2.6% |
| Wainuiomata | 17,214 | 0.9% |
| Harbour     | 17,235 | 1.0% |

#### Wards 2006 Households

|             |       |      |
|-------------|-------|------|
| Northern    | 5,259 | 3.2% |
| Eastern     | 6,180 | 1.9% |
| Western     | 4,437 | 5.6% |
| Central     | 7,209 | 3.6% |
| Wainuiomata | 5,802 | 2.9% |
| Harbour     | 6,837 | 2.0% |

### Hutt City Assets

|  |                        |
|--|------------------------|
| <b>Total council assets</b>                  | <b>\$1,028,104,000</b> |
| Area of parks and reserves                   | 5,305 hectares         |
| Number of swimming pools                     | 6                      |
| Number of libraries                          | 8                      |
| Length of roads                              | 475 km                 |
| Length of footpaths                          | 728 km                 |
| Number of street lights                      | 13,747                 |
| Length of wastewater pipes                   | 672 km                 |
| Length of stormwater pipes                   | 528 km                 |
| Length of water pipes                        | 690 km                 |
| Rating system                                | Capital                |
| Rateable properties                          | 37,770                 |
| Average rates per residential ratepayer      | \$1,519                |
| Capital value of the city (1 September 2007) | \$17,678,678,000       |

| <b>Age Breakdown 2006 Census</b> | <b>Lower Hutt</b> | <b>New Zealand</b> |
|----------------------------------|-------------------|--------------------|
| Under 15                         | 22.9%             | 21.5%              |
| 15 to 24                         | 13.7%             | 14.2%              |
| 25 to 44                         | 29.1%             | 28.2%              |
| 45 to 64                         | 23.4%             | 23.8%              |
| 65 and over                      | 10.9%             | 12.3%              |

| <b>Ethnic Breakdown 2006 Census</b>                      | <b>Lower Hutt</b> | <b>New Zealand</b> |
|--|-------------------|--------------------|
| European Ethnic Groups                                   | 65.0%             | 68.0%              |
| Maori Ethnic Group                                       | 17.0%             | 15.0%              |
| Pacific Peoples' Ethnic Groups                           | 11.0%             | 7.0%               |
| Asian Ethnic Groups                                      | 9.0%              | 9.0%               |
| Middle Eastern, Latin American and African Ethnic Groups | 1.0%              | 1.0%               |
| Other Ethnic Groups                                      | 10.0%             | 11.0%              |

## Climate

- temperature: mean daily maximum temperature of 21°C in January and 11°C in July
- sunshine hours: 1,900 – 2,000 hours of sunshine per year
- rainfall: 1,350 mm – 1,450 mm of rainfall per year
- wind: predominant wind 50% of the time is from between the north and west – 30% of the time it is from between the southeast and southwest.





## DEFINITIONS

These definitions are intended to define terms used in this Annual Report in plain English. For legal definitions see the Local Government Act 2002.

### **Asset**

Something of value that Council owns on behalf of the people of Hutt City, such as roads, drains, parks and buildings.

### **Asset Management Plan**

A long-term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

### **Appropriation/Appropriated**

Money that has been set aside from, or brought into, an operating or revenue account.

### **Capital Expenditure**

Expenditure that will increase the value of Council's assets.

### **Capital Value**

Value of land including any improvements.

### **Community Boards**

Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council. Hutt City Council has three Community Boards: Eastbourne, Petone and Wainuiomata.

### **Community Committees**

Local committees set up by Council. Community Committees are consulted by Council and can represent community concerns to Council. Hutt City Council has two Community Committees: Central/West and North/East. These were established in March 2008 following the disestablishment of Ward Committees by October 2007.

### **Community Outcome**

An outcome for the community that is identified as a priority.

### **Council-Controlled Organisations (CCO's)**

Companies in which Council is at least 50% shareholder that independently manage facilities and deliver services and undertake developments on behalf of the Hutt City community. Where necessary, Council funds these organisations.

### **Council-Controlled Trading Organisations (CCTO's)**

Council-Controlled Organisations that operate a trading undertaking for the purpose of making a profit.

### **Employee Costs**

Expenditure on staff. This includes wages, salaries and related taxes, training and recruitment costs. Remuneration of elected and appointed representatives is also included under this heading.

### **Forecast Financial Statement**

This is a 10-year plan for Council's revenue and expenditure, cash flows, and borrowing programme.

### **Financial Year**

Council's Financial Year runs from 1 July to 30 June of the following year.

### **Land Value**

Value of land, excluding any improvements.

### **Local Government Act 2002**

The key legislation that defines the powers and responsibilities of local authorities like Hutt City Council.

### **Long Term Council Community Plan (LTCCP or Community Plan)**

A plan that describes the activities of the local authority, the Community Outcomes and long-term focus for the decisions and activities of the local authority.

### **Maintenance Costs**

Expenditure in relation to repairs and maintenance of Council's assets.

### **Mana Whenua**

People with the mana of the land.

### **Ngā Tekau o Pōneke – Wellington Tenths Trust**

Local tangata whenua with inherited land ownership in Wellington and Hutt Valley and kinship to Northern Taranaki Te Atiawa.

### **Operating Expenditure**

Expenditure for the normal services of Council.

### **Operating Projects**

Significant projects that do not result in the creation of Council assets.

### **Performance Measure**

A measure that shows how well Council is doing in achieving the goals it has set for itself.

### **Rates**

Funds collected by Council from levies on property. These are based on the capital value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates also.

### **Significance**

Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural well-being of the community.

### **Significant Activities**

The Community Plan lists 18 separate significant activities including Managing Services.

### **Supplier Costs**

Expenditure for the purchase of general goods and services.

### **Support Costs**

The internal allocation of expenditure incorporated in significant activity 18, Managing Services.

### **Taonga**

A highly prized resource.

### **Targeted Rates**

Any rate levied other than the general rate, targeted at users of a service such as water supply, wastewater and the Jackson Street Programme.

### **Te Atiawa**

Local tangata whenua with inherited land ownership and kinship to Northern Taranaki Te Atiawa.

### **Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui**

A representative Maori Council made up from local tangata whenua and representing the eight Taranaki tribes within the Wellington region.

### **Te Taurahere o Te Awakairangi**

The Hutt Valley branch of Runanganui o Taura Here ki te Whanganui a Tara which represents 23 tribal groups in the greater Wellington region.

### **User Charges**

Income to Council through fees paid by those who use specific services provided by Council.

### **Ward Committees**

See Community Committees.



## SOURCE OF INFORMATION FOR LEVEL OF ACHIEVEMENT

Hutt City Council's Annual Report indicates the source of information for each performance measure. This disclosure is designed to improve accountability and transparency. A more detailed discussion of the main sources of information is provided below.

### **NRB Communitrak Survey**

The National Research Bureau Limited undertakes these annual surveys for participating local authorities. The results also include national and peer group comparisons. Hutt City Council has commissioned these surveys since 1994. Hutt City Council's Communitrak survey utilises 500 telephone interviews, 100 more than the standard Communitrak survey, to ensure adequate representation from each ward. Randomised sampling methods are used to access residents over the age of 18 and weightings are applied to reflect the ward, gender and age proportions of the area. The maximum margin of error at the 95% level of confidence for Hutt City Council's survey is +/- 4.4% and the maximum level of significant difference at the 95% level of confidence is +/- 6.2%. These maximums for the margin of error and significant difference will occur when the sample is split 50/50 on an issue. However when the split is less, for instance 80/20, the percentages for the margin of error and significant difference decrease. The level of achievement in terms of measuring satisfaction levels is calculated after excluding the responses of those unable to comment on the specific service being measured.

### **Management Reports**

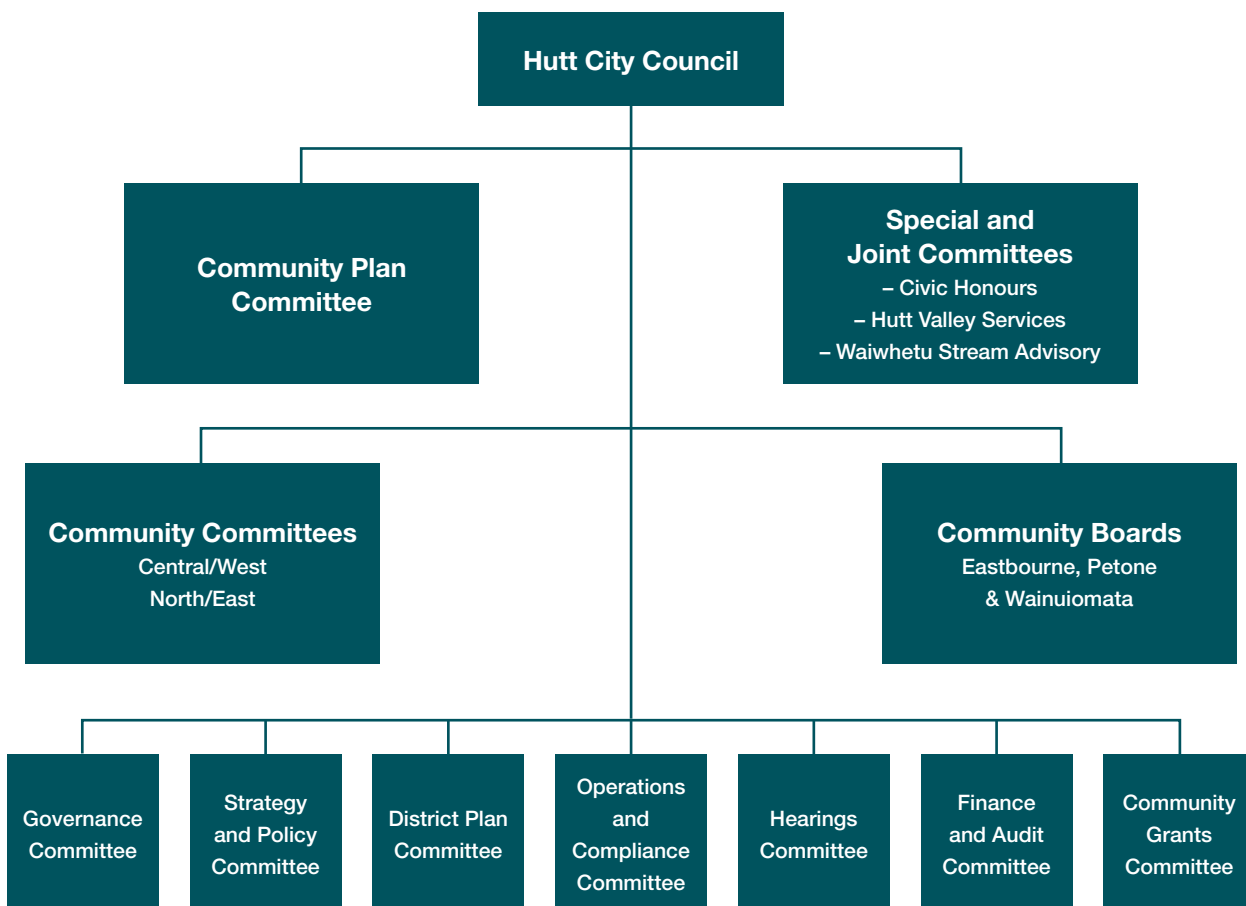
Management Reports encompass a range of documentation and records, such as reports from internal service providers to asset managers and reports from contractors to managers. Quality assurance in the level of performance of Council is very important. For infrastructural renewal and capital programmes, management reports include quality assurance procedures such as certificates of completion verified by third parties. These certificates confirm that the appropriate technical standards and specifications have been met. For all regulatory services, ISO systems and procedures provide quality assurance in service delivery and achievement reporting. Internal and external audits also form part of Council's quality assurance programmes.

### **Best Places to Work Survey**

Council participates in the annual Best Places to Work Survey by John Robertson Associates. This survey provides Council with important information on how staff view Council, and how this compares with other organisations.



# POLITICAL STRUCTURE



## MAYOR AND COUNCILLORS



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(I) Independent  
(OCOF) Our City Our Future  
(TRW) Team Ray Wallace



# COMMUNITY BOARD AND COMMUNITY COMMITTEE MEMBERS

## COMMUNITY BOARDS

| <b>Eastbourne Community Board</b>  |              |
|------------------------------------|--------------|
| Ian Young (Chair)                  | 562 8622     |
| Derek Wilshere (Deputy Chair)      | 562 7920     |
| Sarah Crawford                     |              |
| Murray Gibbons                     | 562 8567     |
| Geoff Rashbrooke                   | 568 4988     |
| <b>Petone Community Board</b>      |              |
| Gerald Davidson (Chair)            | 938 3723     |
| Michael Lulich (Deputy Chair)      | 977 3166     |
| Kelly Barratt                      | 021 289 0088 |
| Mason Branch                       | 569 1270     |
| Richard Cole                       | 586 1113     |
| Vera Ellen                         | 938 1946     |
| <b>Wainuiomata Community Board</b> |              |
| Randall Day (Chair)                | 027 249 9901 |
| Margaret Willard (Deputy Chair)    | 973 1378     |
| Jim Manu                           | 564 7366     |
| Marcia Ngarimu                     | 564 7706     |
| Tracey Pollard                     | 564 3021     |
| Kevin Small                        | 564 6841     |
| Terry Stallworth                   | 564 9081     |

## COMMUNITY COMMITTEES

| <b>Central/West Community Committee</b> |             |
|---|-------------|
| Christopher Milne (Chair)               | 586 3890    |
| Desiree Mulligan (Deputy Chair)         | 938 9525    |
| Kathryn Fitzpatrick                     | 586 6075    |
| Sue Lafrentz                            | 021 580 584 |
| Rick Mooney                             | 586 1895    |
| <b>North/East Community Committee</b>   |             |
| Leigh Sutton (Chair)                    | 563 5184    |
| Ted Heslin (Deputy Chair)               | 567 7753    |
| Michael Ellis                           | 577 3877    |
| Julie Englebretsen                      | 563 5179    |
| Amanda Woodbridge                       | 021 715 499 |



## EXECUTIVE MANAGEMENT TEAM

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